GENERAL ELECTRIC

1959 ANNUAL REPORT

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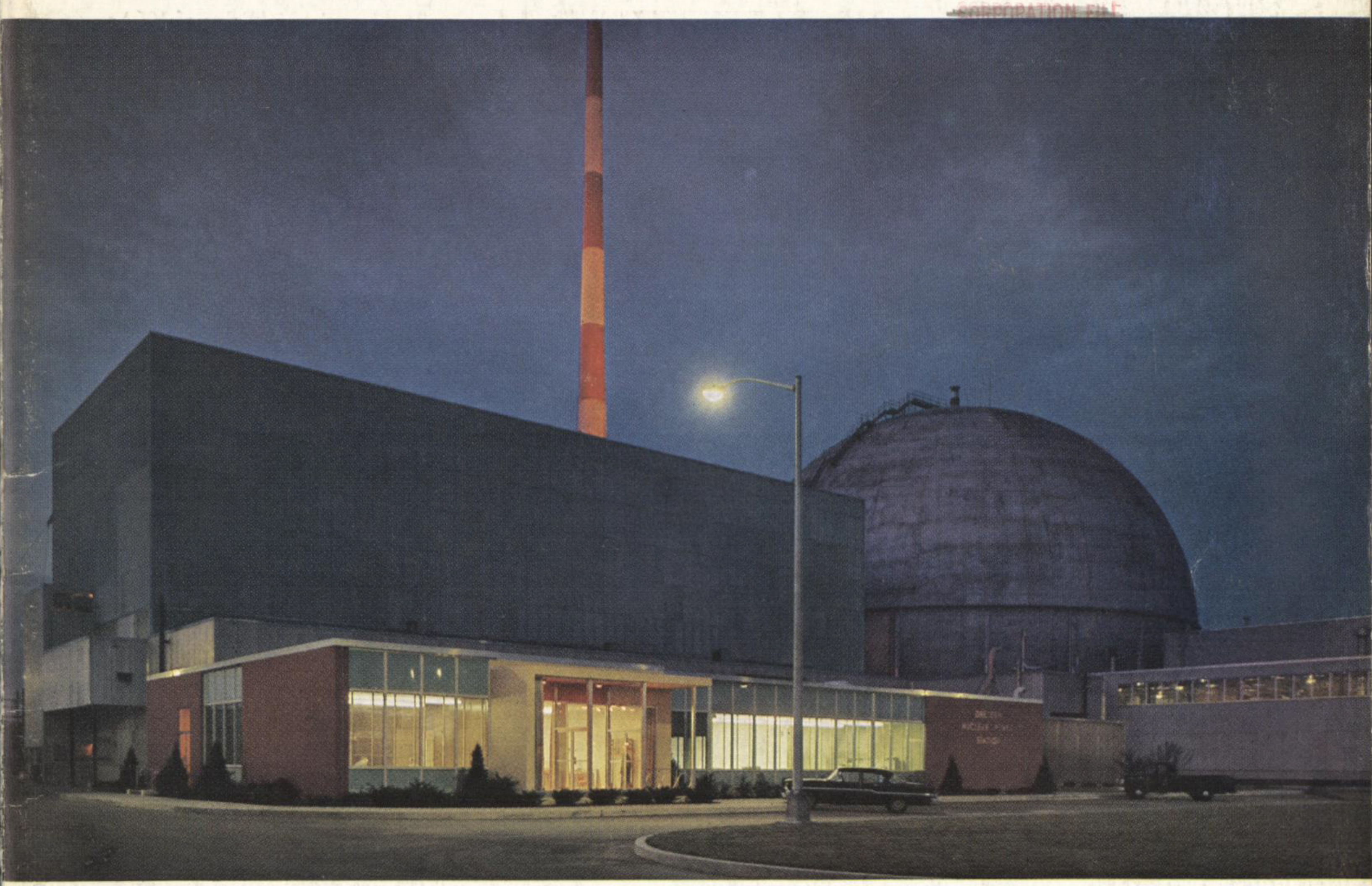

BOARDS
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Symbol for the 60's: Dresden Station, the largest all-nuclear power station in the United States, successfully sustained its initial critical reaction in late 1959—six months ahead of schedule. It will supply the Chicago area with 180,000 kilowatts of electricity, enough for a community of over 200,000 people. Experience gained by General Electric in building this atomic station will help speed the day when the Company's customers for electric power equipment will realize economically competitive power from the atom—one example of how General Electric is working to expand its service to customers in the decade ahead.

FINANCIAL HIGHLIGHTS OF 1959

IN MILLIONS	1959	1958	1957
Net sales billed	$4,349.5	$4,120.8	$4,335.7
Net earnings	280.2	242.9	247.9
Dividends declared	174.3	173.7	173.2
Federal and Canadian income taxes*	272.0	242.2	260.0
Depreciation of plant and equipment	119.9	124.5	119.9
Expenditures for new plant and equipment	91.3	104.1	153.6

PER SHARE

IN DOLLARS	1959	1958	1957
Net earnings	$3.19	$2.78	$2.84
Dividends declared	2.00	2.00	2.00
Dividends paid	2.00	2.00	2.00
Federal and Canadian income taxes*	3.09	2.77	2.98

*Includes renegotiation.

NOTE: In this report the terms "General Electric" and "Company" refer to the consolidated group of companies described in Notes to Financial Statements on page 28.

SHARE OWNERS CAN HELP broaden public understanding of General Electric's progress by passing on this annual report, after it has been read, to a friend, a neighbor or a relative.

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The financial highlights of 1959 summarize a year of progress for General Electric. Sales climbed to a new record of $4.3 billion, slightly exceeding the previous high in 1957. Earnings also rose to a new high of $3.19 a share.

These record results again point up the benefits of broad product diversification in limiting severe fluctuations in the Company's total business, and thus in providing a measure of protection for the share owners' investment. As discussed in detail on succeeding pages, a decline in sales in one of the Company's four major product areas—heavy capital goods—was more than offset by increased business in the other three: components and materials for industrial customers, consumer goods and sales by departments specializing in electronic, atomic and other defense products.

The outlook for 1960 indicates that this can be a year when the Company's diversification could contribute not as a defensive measure but as a source of accelerated growth for General Electric's sales, earnings, and service to the nation. Consumer goods, and components and materials for industry, are showing continuing strength. Defense work will remain substantial, although not as high as in 1959. The healthy rise in orders for heavy capital goods for utilities and industrial customers during 1959 indicates a steady strengthening in this area over the next few years as these products complete their one-to-three-year design and production cycles.

Research and development will continue to further General Electric's

The Chairman Comments

growth. The Company's postwar investment in laboratory and development facilities alone has totaled more than $200 million. In 1959 the Company's research and development activities were continued at their usual high rate.

This hopeful outlook can make 1960 a year of magnificent opportunity. There are, however, several potential major deterrents. Chief among these is the threat of further strikes in important industries. Forward planning by General Electric operating managers effectively minimized the damage of the 116-day steel strike in 1959, as indicated by the fact that maximum layoffs of the Company's employees attributable to the strike were held to 3% of employment during this period.

General Electric faces negotiations with labor unions in the fall of 1960. Your management's objective is to do all that is proper to make sure that employees will have no valid reason to strike. As in the past, we will endeavor to recognize the interests of the employees and all other contributors to the business as well as the public interest in these negotiations.

The next decade is one in which United States business enterprises must take into account not only the prospect of more vigorous competition among themselves but also from competitors abroad. Foreign producers, with lower wage, salary and tax costs, and in many instances with automated equipment the equal of that in use in this country, are cutting into sales of United States products both abroad and at home.

For American industry to meet this challenge will require many hard decisions by business management—decisions leading to a swifter pace in development through innovation of new and improved products and new advances in productive methods.

This annual report highlights your Company's emphasis on innovation. Of special importance in building new competitive strength for customers and General Electric alike is the Company's unique capability for bringing together into effective cost-saving systems an unusual competence in both electrical and electronic technologies.

The nation as a whole faces critical decisions in meeting the challenging resurgence of other industrial nations.

For years the productive strength of the United States has provided a margin of indulgence for many citizens to adopt casual attitudes toward such issues as productivity, inflationary pressures and tax increases that have had to be factored into business costs. Today this margin is vanishing.

Your management presently believes that the long-term answer to this problem does not lie in raising higher tariff walls around the domestic market. In large part the answer must come from a re-evaluation by individual citizens of their attitudes toward productivity and automation needed for continued progress, toward the choice between more leisure and more output, and toward steps that will lead to greater control of inflation.

The cumulative effect of wise public decisions concerning these issues, combined with aggressive innovation by industry, can help the United States accelerate its progress toward greater national vitality, productivity and international stature.

In broader terms it must be kept in mind that the competitive resurgence of other nations reflects a desirable reconstruction of their economies and a healthy improvement in their levels of living, and thus creates opportunities as well as challenges for the United States. Formation of the International Group in 1959 to consolidate General Electric's efforts in export trade and in foreign manufacturing operations provides one tangible expression of your Company's determination to contribute significantly to new levels of service and growth abroad as well as at home.

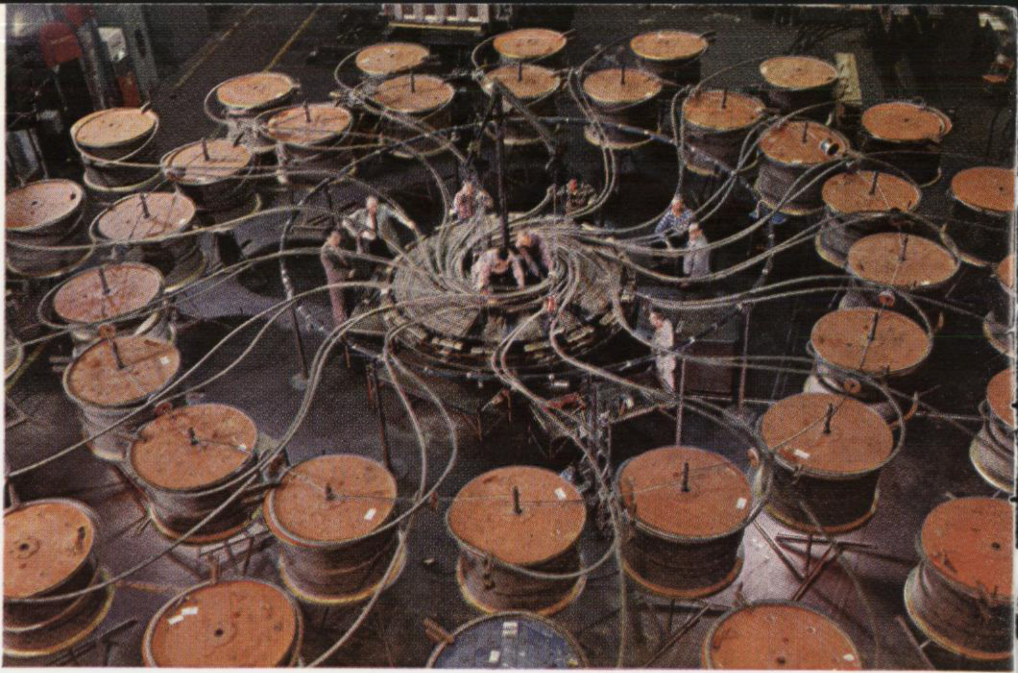
On February 16 and 17, 1960, Grand Jury indictments were returned and companion civil suits filed against your Company and a number of other firms alleging price fixing conspiracies involving a number of electrical apparatus products. It has been the long standing policy of the Company to insist on conduct even beyond the requirements of the antitrust laws. This Company policy has been forcibly and repeatedly emphasized to all management employees. We condemn all restrictive practices and shall continue to insist on pursuing a policy of creative and aggressive competition.

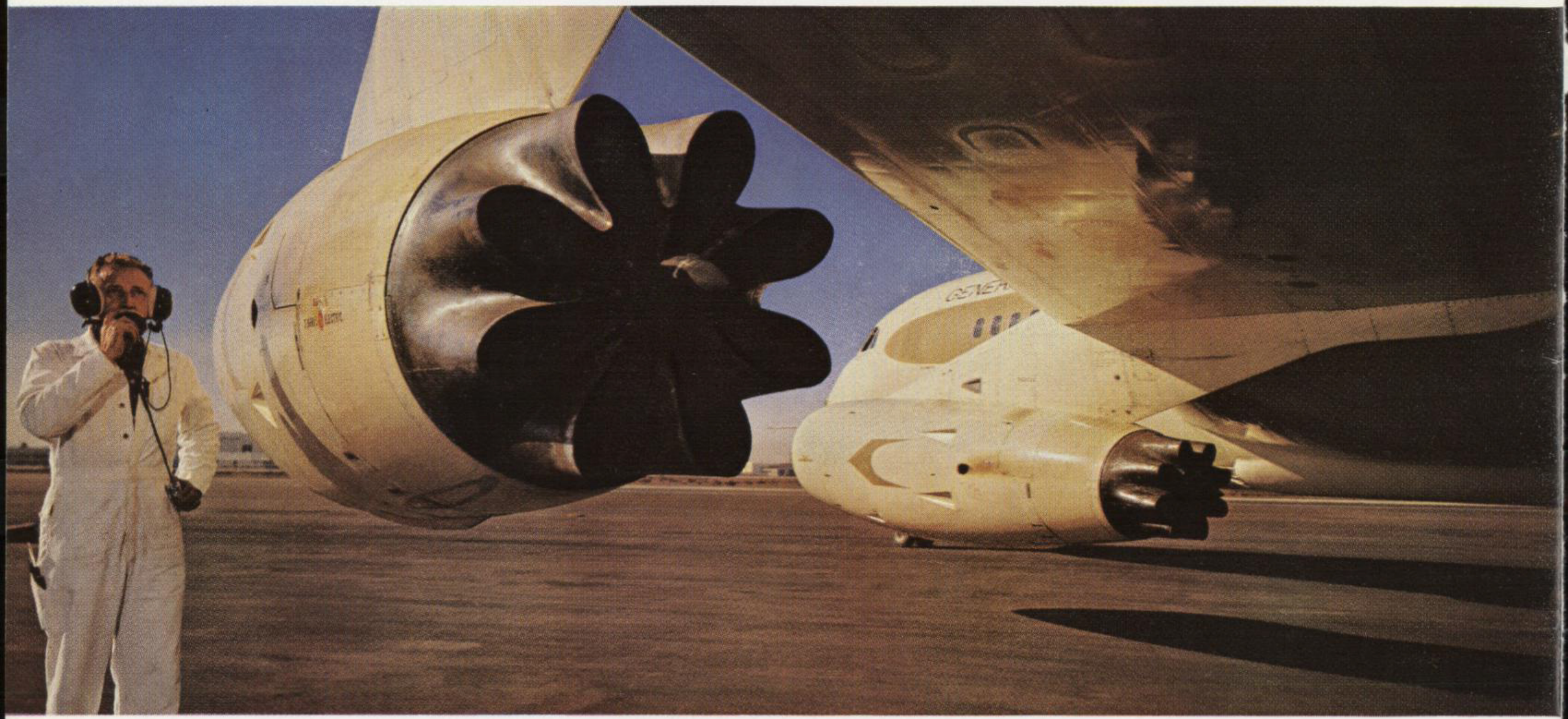
Respectfully submitted for the
Board of Directors,

Ralph J. Cordiner

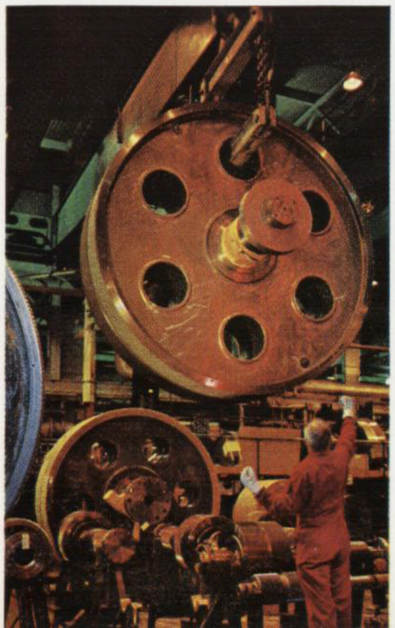
Chairman of the Board
February 18, 1960

HEAVY CAPITAL GOODS ACCOUNTED FOR 22% of total Company sales in 1959. Representative of the big projects undertaken for customers is the work, at right, on the largest induction coil ever built by the Company. Produced by the Transformer Division, this coil is part of equipment for new wind tunnel to test space components at speeds up to 20 times that of sound.





POWER FOR TRANSPORTATION is a part of General Electric's heavy capital goods business. For the Convair 880 jetliner (above) and the larger 600, General Electric supplies the engines, noise suppressors, power supply and control equipment. The Company's smaller T58 engine is the first gas turbine certified for use in commercial helicopters. At right, big ship propulsion gears made at Lynn, Mass. Locomotives in production at Erie, Pa., include gas-turbine-electric (yellow) and diesel-electric (red). Work has started on 66 rectifier electric locomotives for one railroad.



1959 SALES EXCEED $4.3 BILLION, SET NEW RECORD

Net sales billed by General Electric in 1959 totaled $4,349,508,529, a 6% increase over sales of $4,120,769,801 in the year 1958, and slightly above the previous high of $4,335,664,061 established in 1957.

Improvement in the Company's 1959 sales reflected the generally healthy condition of business as a whole during the year. The United States gross national product—the major indicator of the economy's output—increased to an estimated $479 billion in 1959, compared with $442 billion in 1958 and $443 billion in 1957.

However, this over-all measure of the economy includes many varied economic trends. A better understanding of General Electric's 1959 sales can be obtained by considering the major types of markets which the Company serves.

General Electric's business, classified by products supplied to four main markets, includes: (1) heavy capital goods, (2) components and materials for industrial customers, (3) defense sales by defense product departments, and (4) consumer products. Sales in each of these categories are discussed on this and succeeding pages.

Sales by Canadian General Electric Company, Ltd., and the International General Electric Company Division are distributed within the appropriate classifications above. The Company's international business is discussed in detail on pages 18 and 19.

HEAVY CAPITAL GOODS SALES DECLINE; NEW ORDERS IMPROVE

General Electric's output of heavy capital goods accounted for approximately 22% of total Company sales in 1959, a decline from the volume of these sales for 1957 and 1958.

The Company's output of heavy capital goods includes such products as turbine-generators for electric power production; large switchgear, transformers, insulators, cables and controls for transmitting and distributing electric power; large motors and other heavy equipment such as locomotives and jet engines for commercial aircraft.

Because of the size and complexity of these products, and because many of the individual units must be custom-built for specific applications, a period of one to three years is generally required for their manufacture. Thus sales, recorded at the time of actual shipment or installation, may follow the receipt of customers' orders by a considerable period of time.

The 1959 business was characterized by a low rate of shipments—as the result of low orders levels in preceding years and the first months of 1959—but a good rate for new orders beginning in the year's second quarter and strengthening as the year progressed. This led, at the close of 1959, to increases in backlogs of unfilled orders for products to be shipped in the 1960's. Forecasts of utilities' commitments for heavy equipment indicate an increase in 1960 over 1959.

SALES OF INDUSTRIAL COMPONENTS AND MATERIALS SHOW HEALTHY INCREASE

General Electric's sales of industrial components and materials, including industrial electronic equipment, amounted to approximately 27% of the total 1959 sales volume. The increase over 1958 sales in this category was greater than in any of the other three principal areas of Company sales.

A wide range of products is included in this classification. Among those showing the most rapid rates of growth in 1959 were transistors, other semiconductors, computers and other products of the newer electronics technologies. Sales of other industrial electronics products, including receiving and power tubes, closed-circuit television, electrical and electronic instruments, and x-ray equipment and supplies, also showed healthy increases over sales for 1958.

Sales of small and medium-sized electric motors, which make up a large portion of the components and materials category of General Electric's business, increased in 1959. This was in line with increases in manufacturers' output of products powered by electric motors such as major appliances, machine tools and air-conditioning equipment.

Additional details about the electronics and other component products businesses are provided on pages 12 to 15.

COMPONENTS AND MATERIALS supplied to industry accounted for about 27% of 1959 sales. These are represented here by production of silicon controlled rectifiers at the Clyde, N. Y., facilities of Semiconductor Products Department.

FIERY TRAIL of rocket at Cape Canaveral begins test of space vehicle designed by General Electric to bring rocket's instrument capsule back safely through earth's atmosphere. In 1959 the Company received a contract to further this work.

THE VIGILANCE AND STRENGTH safeguarding the nation's peaceful development are symbolized above by one of many commercial and defense radar units built by General Electric. Under development: the world's largest known radar system.

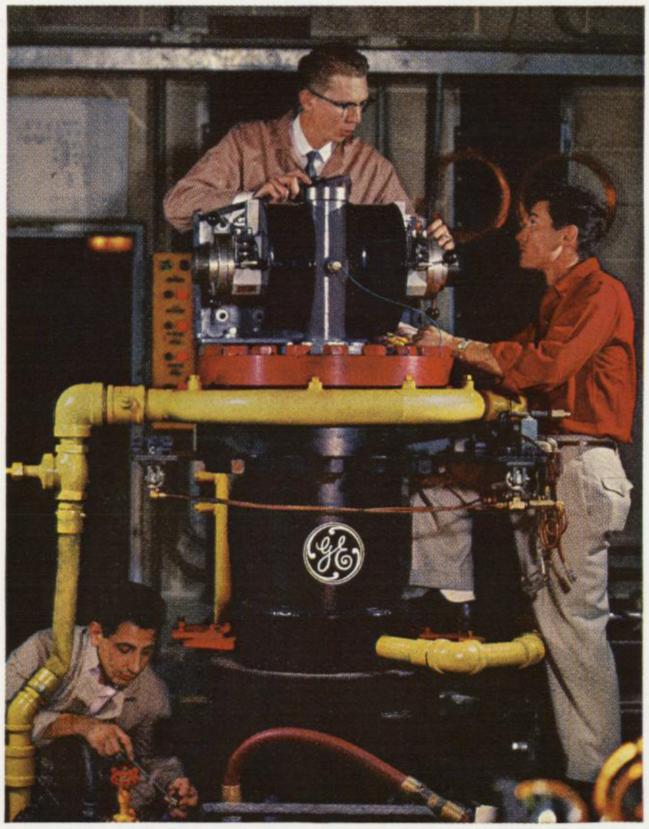
SPACE PROJECTS BROADEN COMPANY'S DEFENSE WORK

Defense sales by defense product departments accounted for about 25% of the Company's total 1959 business. The Company's contributions to defense include jet, rocket and nuclear power plants for flight propulsion, nuclear submarine propulsion, radar and other electronic equipment, missile and space systems, and other systems and products.

Although the volume of the Company's defense work depends basically on the level of national defense expenditures, other factors are also significant. These include:

- **The trend toward greater use of electrical and electronic products.** In recent years the electrical and electronic content of defense products has grown steadily.
- **Increased emphasis on research and development** in military technology, in contrast to long-run production contracts. Acceleration of work on space technology in particular offers challenging assignments to which General Electric's scientists and engineers are making major technical contributions.
- **The importance of systems capability,** calling for the marshalling of managerial and technical talent to coordinate increasingly complex defense projects. The Company's Defense Systems Department provides a focal point for these capabilities within General Electric.

To prepare the Company more fully for its role in advancing space technology, a $14 million Missile and Space Vehicle Department research center will be constructed by the Company near Valley Forge, Pa. When completed, it will be one of the largest privately financed space facilities.



SPACE-AGE ENERGY SOURCES being explored at General Electric for their long-term potential include nuclear fusion, solar energy, fuel cells, thermionic converters, and solid-state thermoelectric devices. Scientists of the Missile and Space Vehicle Department, above, are exploring the magnetohydrodynamic, or MHD, process for generating electricity by passing hot gases through a magnetic field.

GENERAL ELECTRIC KITCHEN IN MOSCOW was the forum for one of the year's most widely quoted international discussions—that between Vice President Richard M. Nixon and Soviet Premier Nikita Khrushchev. The kitchen, in color above, was designed for Moscow exhibition not as a dream kitchen but to show what the average American expects to find in a new home. At right, camera catches Russian woman's expression as she tries out the kitchen's General Electric built-in oven.

DEMAND FOR CONSUMER PRODUCTS CONTINUES STRONG

Sales of consumer products in 1959 continued the uptrend begun in the latter half of 1958 and amounted to about 26% of General Electric's total sales for the year.

Sales gains were paced by higher sales of all major types of lamps and by strength in such electric housewares as mixers, toasters, irons and coffee-makers. Sales of major appliances also increased over the prior year, with the greatest percentage gains being made by newer appliances such as built-in ranges and dishwashers.

Production of a few of the Company's appliance lines was curtailed late in 1959 as the result of steel shortages. Most shipments to distributors and retailers were, however, maintained out of stocks of finished products on hand, so that there was a minor effect on 1959 sales of these products.

Two 1959 organizational changes are of particular significance in the consumer goods area:

- **A new Radio and Television Division** was established, bringing together into one organizational component the lines of products for electronic home entertainment. The new Division has responsibility for designing, manufacturing and marketing a broad range of products to serve this growing electronics market.
- **A Company-wide Residential Market Development Operation** was formed to offer home building contractors integrated proposals for the full range of General Electric products for the home. The aim of the new Operation is to make it easier than ever before for home builders to install all of the Company's various home products, from service entrance panels to switches, lighting equipment, appliances, and electric heating and cooling equipment.

GENERAL ELECTRIC KITCHEN IN LOUISVILLE demonstrates what home owners can achieve with available home products. Expressing the owner's gardening interests, the kitchen typifies new designs keyed to family hobbies or leisure-time activities. In General Electric's 1960 "Golden Value" line of appliances, emphasis on functional beauty is paired with high standards in long-life engineering, manufacturing quality and service satisfaction.

EARNINGS SET RECORD; 61st CONSECUTIVE YEAR OF DIVIDENDS

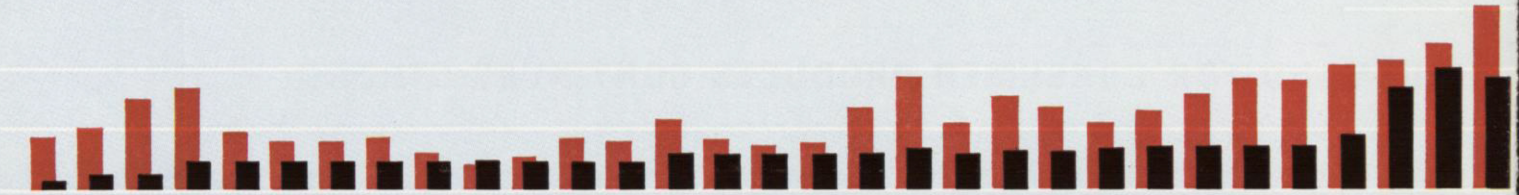
General Electric's earnings in 1959 rose to a new record of $280.2 million, or $3.19 a share of common stock. This was an increase of 15% over 1958 earnings of $242.9 million, or $2.78 a share, and 13% greater than 1957 earnings of $247.9 million, or $2.84 a share. Higher sales levels, together with continuing efforts in reduction of costs and improvement of efficiency, accounted for this increase.

Earnings for 1959 amounted to 6.4 cents per dollar of sales, a ratio higher than that obtained in any of the preceding five years during which the Federal income tax rate has remained constant. As shown by the small chart at right, the 1959 results continued the improvement of recent years. The Company's return on investment (earnings before interest as a percentage of share owners' equity plus borrowings at December 31) totaled 16.7% in 1959, an increase over the 15.7% recorded for 1958.

Dividends declared during the year totaled $174.3 million. Dividends of 50 cents a share were declared at the February, May, September and November meetings of the Board of Directors, a total of $2.00 for the year. This was 62% of net earnings for the year, compared with 71% in 1958, and this compares with an average rate of 66% for the past 61 years.

Dividends paid to the Company's share owners in 1959 were also $2.00 a share, with payments of 50 cents a share in January, April, July and October.

In the chart below, per-share data are based on the average number of issued shares for each year. They have been adjusted for stock splits and therefore are stated in terms of present common stock. Dividends shown represent cash dividends declared. There have also been, from time to time, dividends distributed in the form of stock.



	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
EARNINGS	.22	.25	.36	.40	.24	.20	.20	.21	.14	.10	.13	.22	.20	.28	.22
DIVIDENDS	.04	.06	.06	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11	.14	.14

	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
EARNINGS	.19	.20	.32	.46	.26	.39	.32	.26	.31	.38	.44	.43	.51	.53	.60	.75
DIVIDENDS	.14	.14	.14	.16	.14	.15	.15	.16	.17	.17	.17	.17	.23	.40	.50	.46

NUMBER OF SHARE OWNERS TOPS 400,000 MARK; LOCAL PROGRAMS

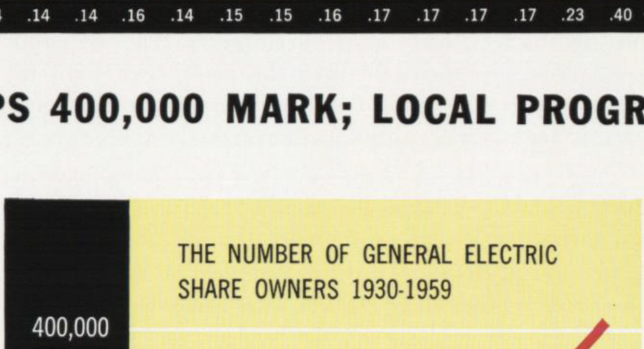
The average number of General Electric share owners of record rose to 404,431 in 1959.

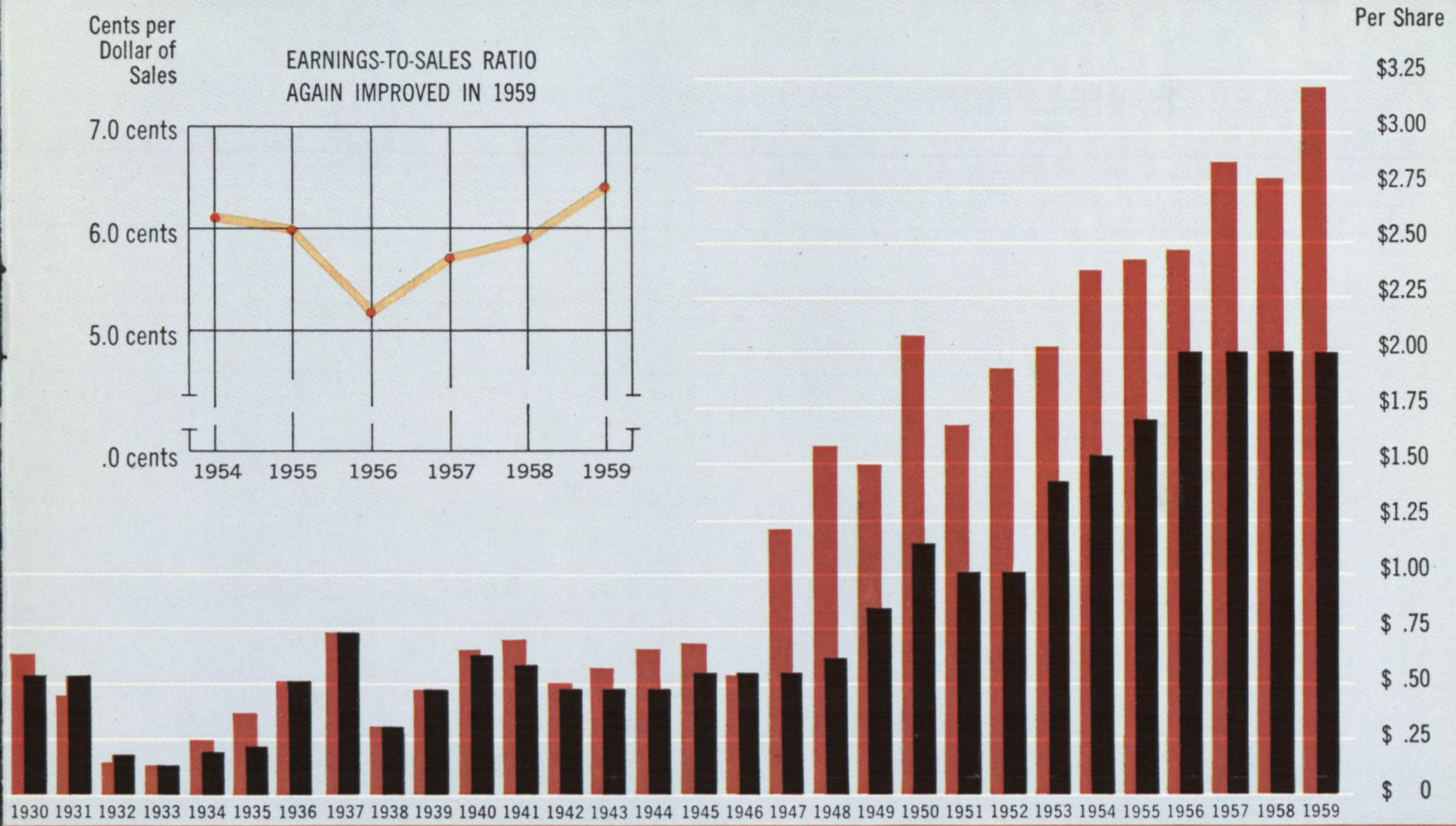
To facilitate swift and accurate handling of the accounts of the growing number of owners of record and the preparation and distribution of dividend checks to them, the Company in 1959 adapted its share owner records to an electronic data processing system based on the utilization of a high-speed computer.

In addition to share owners of record, an estimated 100,000 owners have their shares registered in the names of brokers or nominees of banks or trust companies.

More than 175,000 General Electric employees are now or are becoming share owners through participation in the Company's savings plans discussed on page 21.

At several plant locations, the Company's managers have recently conducted special programs designed to enable share owners in the surrounding areas to become more familiar with the work being done by General Electric people. The favorable response and interest shown by share owners have encouraged a broadening of these local programs to include a number of other communities where Company facilities are located. Thus many share owners are developing direct contact with the managers and employees of the Company at the community level.





	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944
EARNINGS	.63	.44	.14	.13	.24	.35	.50	.73	.30	.47	.65	.68	.50	.56	.64
DIVIDENDS	.53	.53	.18	.13	.20	.23	.50	.73	.30	.47	.62	.58	.47	.47	.47

	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
EARNINGS	.67	.52	1.20	1.57	1.49	2.08	1.66	1.91	2.01	2.36	2.41	2.46	2.84	2.78	3.19
DIVIDENDS	.53	.53	.53	.60	.83	1.13	1.00	1.00	1.42	1.53	1.70	2.00	2.00	2.00	2.00

FOR SHARE OWNERS BROADENED

SHARE OWNER FAMILY attending Open House at Morrison, Ill., appliance control plant is indicative of ways in which many owners are developing direct contact with managers and employees under General Electric's program to extend share owner participation at the community level.

BROADER UNDERSTANDING OF SHARE OWNERSHIP was one goal of the Company's co-sponsorship of a 1959 exhibit in Grand Central Station, New York, visited by about 283,000 people. Presentations informed visitors on investing, and provided news about appliances, TV, radios and housewares.

BOARD OF DIRECTORS

General Electric's Board of Directors is composed of 18 members, two of whom are General Electric employees. The other Directors bring to the Company's problems a range of experience and knowledge from a wide variety of fields of endeavor, including agriculture, banking, education, finance, international trade, manufacturing, marketing, mining, research, textiles and transportation. The average age of the 18 Directors is 59.5 and their service as Directors of the Company averages 9.8 years. Ages and years of service are those attained as of February 18, 1960.

S. Sloan Colt
Director and Member of
the Executive Committee,
Bankers Trust Company,
New York, N. Y.
Also, Chairman of the Board
of Commissioners,
The Port of New York Authority.
A Director for 19 years.

Ralph J. Cordiner
Chairman of the Board and Director,
General Electric Company,
New York, N. Y.
A Director for 10 years.

Donald K. David
Vice Chairman of the Board,
The Ford Foundation,
New York, N. Y.
A Director for 14 years.

Charles D. Dickey
Director and Member of
the Executive Committee,
Morgan Guaranty Trust
Company of New York,
New York, N. Y.
A Director for 18 years.

Henry Ford II
President and Director,
Ford Motor Company,
Dearborn, Michigan
A Director for 4 years.

John Holmes
Director, Swift & Company,
Chicago, Illinois
A Director for 10 years.

Frederick L. Hovde
President,
Purdue University,
Lafayette, Indiana
A Director for 3 years.

Gilbert W. Humphrey
President and Director,
The Hanna Mining Company,
Cleveland, Ohio
A Director for 4 years.

John E. Lawrence
Partner,
James Lawrence & Co.,
Boston, Massachusetts
A Director for 2 years.

George H. Love
Chairman of the Board
and Director,
Consolidation Coal Company,
Pittsburgh, Pennsylvania
A Director for 10 years.

Thomas B. McCabe
President and Director,
Scott Paper Company,
Chester, Pennsylvania
A Director for 8 years.

Neil H. McElroy
Chairman of the Board
and Director,
The Procter & Gamble Company,
Cincinnati, Ohio
A Director for 7 years,
re-elected December 18, 1959.

George G. Montgomery
Chairman of the Board
and Director,
Kern County Land Company,
San Francisco, California
A Director for 11 years.

Henry S. Morgan
Partner,
Morgan Stanley & Co.,
New York, N. Y.
A Director for 20 years.

DIRECTORS ON TOUR of Company's West Coast facilities are shown during October 1959 visit to the General Electric Test Reactor of the Vallecitos Atomic Laboratory, Pleasanton, Calif. This reactor, the first large test reactor to be financed and built by private industry, is used in engineering development tests on reactor fuels and components, general industrial testing, and in other types of nuclear research. First row: Directors Montgomery, Paxton, Cordiner, Weinberg and Dickey. Second row: Directors Morgan, Holmes, Lawrence, Humphrey and Woodruff. Back row: Philip D. Reed (who resigned as a Director on November 30 on his retirement from the Company), and Directors Stevens, Love, Colt, Hovde and Ford. Director McCabe, while participating in the tour as a whole, did not visit Vallecitos due to the death of a business associate. Director David was unable to participate because of illness.

Robert Paxton
President and Director,
General Electric Company,
New York, N. Y.
A Director for 2 years.

Robert T. Stevens
President and Director,
J. P. Stevens & Co., Inc.,
New York, N. Y.
A Director for 10 years.

Sidney J. Weinberg
Partner,
Goldman, Sachs & Co.,
New York, N. Y.
A Director for 14 years.

Robert W. Woodruff
Chairman of the Finance
Committee and Director,
The Coca-Cola Company,
Atlanta, Georgia
A Director for 11 years.

DIRECTORS SEE AT FIRST HAND HOW GENERAL ELECTRIC IS PREPARED TO EXPAND SERVICE TO CUSTOMERS IN THE 1960's

General Electric's Directors regularly make two tours of Company facilities during the course of a year. Through such firsthand acquaintance with operations and personnel, the Directors keep closely informed about General Electric and are better able to evaluate for themselves the ability and judgment with which the Company is managed.

In April 1959 the Directors visited Lamp Division facilities at Nela Park, Cleveland, Ohio. In October they spent a week on a tour of the West Coast which gave them fresh insight into several important growth areas of the Company's business, including atomic development, computers for banking and industry, and microwave electronics.

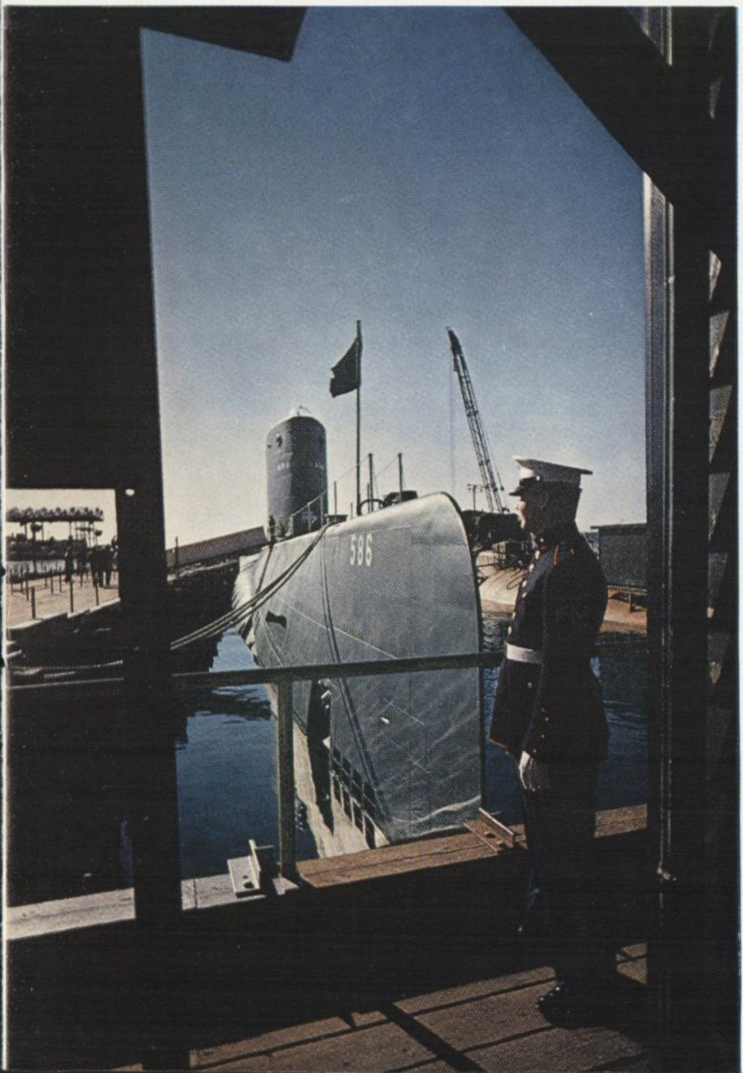
Leadership in atomic power development by General Electric was reviewed by the Directors in tours of the Atomic Power Equipment Department manufacturing facilities in San Jose, Calif., and at the Vallecitos Atomic Laboratory, Pleasanton, Calif. The Directors heard reports on the Company's progress in developing boiling water reactor systems, for which the following installations are planned:

- Dresden Station, which is scheduled to supply 180,000 kw to the Chicago area (see front cover);
- 150,000 kw plant for Italy—a contract which General Electric won in world-wide competition;
- 50,000 kw Humboldt Bay Station, Eureka, Calif., scheduled for operation in 1962;
- 50,000 kw plant for Big Rock Point, Mich., scheduled for operation in 1962;
- 15,000 kw reactor for West Germany's first nuclear power station, scheduled for operation at the end of 1960;
- 12,500 kw prototype plant for Japan Atomic Energy Research Institute, negotiations for which are under way.

With the objective of creating atomic power plants whose costs for producing electricity will be broadly competitive with plants using conventional fuels in higher fuel-cost areas, General Electric is conducting a long-range acceleration program for atomic power. The Humboldt Bay and Big Rock Point Stations are developmental plants undertaken with utility customers to provide experience with boiling water reactors. Subsequent phases aim at construction by 1965 of larger plants competitive with conventional power plants being installed in higher fuel-cost areas, with additions in such areas expected to be about 25% of the total additions to capacity at that time.

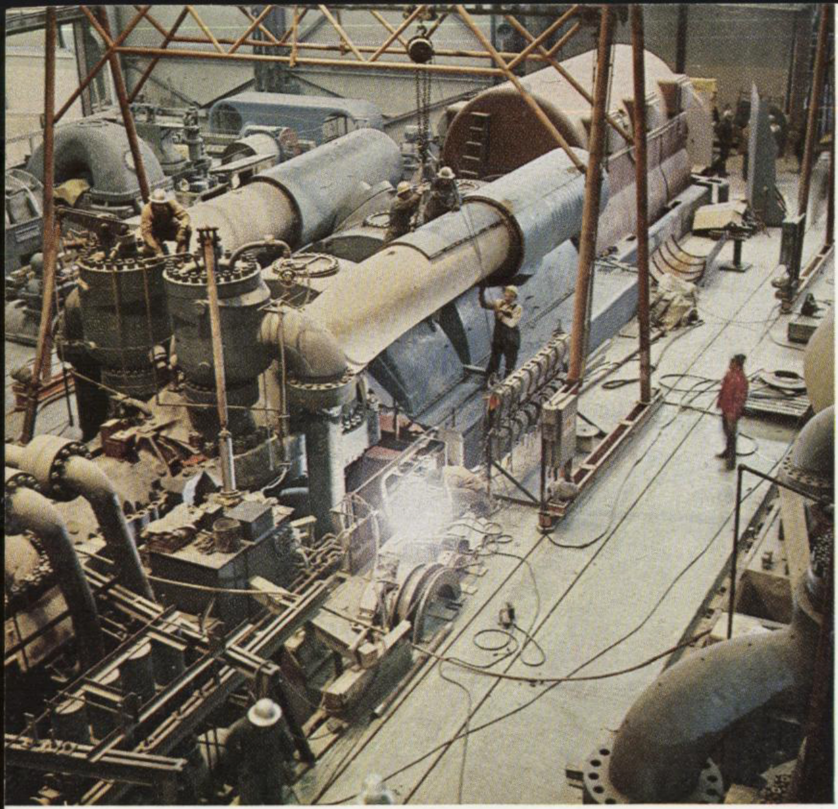
General Electric is concentrating on further development of boiling water reactors in the belief that they offer the surest path to competitive stations in a reasonable time. In addition, however, the Company is conducting studies of six other reactor types.

The range of the Company's atomic work includes design and manufacture of a number of research and test reactors, supply of nuclear fuels, nuclear control and instrumentation systems, and the development of a nuclear ship propulsion system for the Atomic Energy Commission and the Maritime Administration.

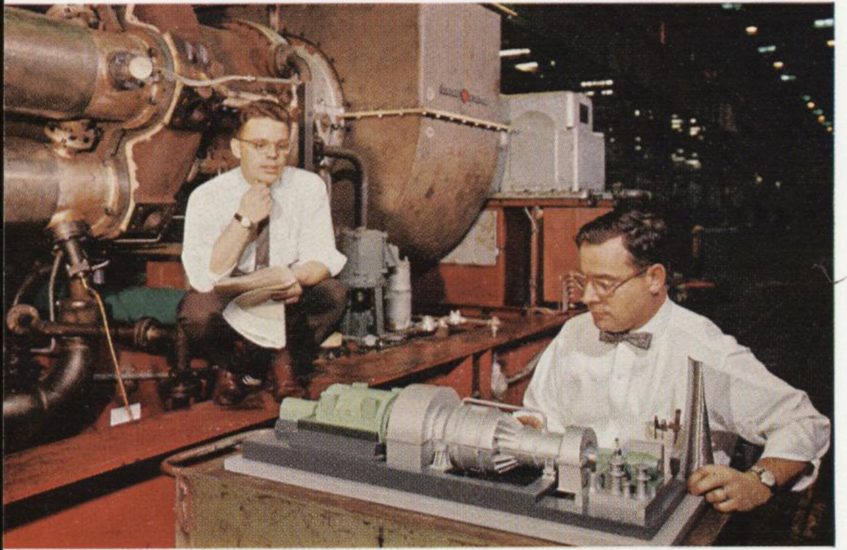


ATOMIC DEVELOPMENTS FOR DEFENSE at General Electric include naval nuclear propulsion systems such as the twin reactor system for the Triton, left, largest submarine ever built. Reactors for the first atomic destroyer and a "second generation" of naval nuclear systems are under development at the Knolls Atomic Power Laboratory, operated for the AEC. Reprogramming in 1959 directs the Company's work in aircraft nuclear propulsion toward a more specific type of high-performance direct-cycle power plant. Managing the Hanford Atomic Products Operation for the AEC, the Company utilizes eight of the world's largest reactors in producing plutonium.

DEVELOPING POWER SYSTEMS TO



RAPID PACE OF DEVELOPMENT in more efficient power-generation equipment is indicated by the fact that while the 450,000 kw turbine-generator shown above during installation at customer's plant is the highest-rated yet shipped, General Electric has secured an order for a 600,000 kw unit.



TO MEET SHORT-DURATION PEAKS IN POWER DEMANDS by customers which exceed the capacity of regular generation equipment, General Electric supplies gas turbines such as model shown above at the Company's Schenectady, N.Y. plant.

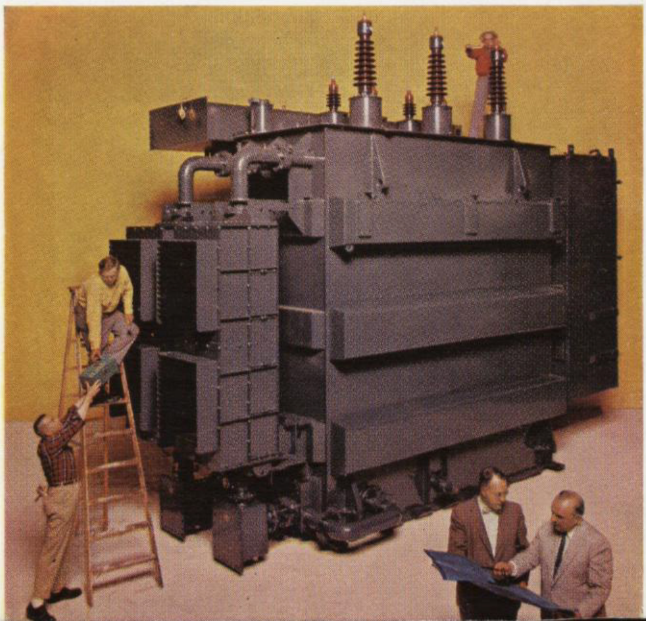
General Electric's unfilled orders for heavy capital goods at the end of 1959 gave an indication of the Company's commitments to utility and industrial customers in the 1960's. Examples of these unfilled orders include:

- the highest-rated steam turbine-generator yet ordered for construction, with 600,000 kilowatts of capacity, or enough to supply the power requirements of a city of approximately three-quarters of a million people;
- an order to supply for a steel mill a complete electrical drive and control system totaling about $9 million, representative of the Company's industrial electrical systems business; and
- other contracts with utilities and companies in such industries as manufacturing, mining and transportation to provide them with electrical power generation equipment, controls and systems for more efficient operation.

The Departments handling General Electric's heavy capital goods business are intensifying their efforts to improve each phase of power-supply systems. These efforts have two principal objectives: to keep the Company competitive in the values it offers to customers, and to help utilities continue the improvements in efficiency that make the price of electricity "today's biggest bargain."

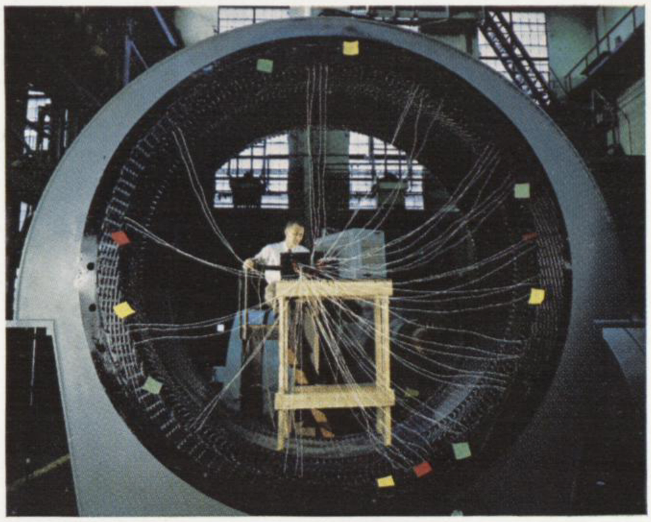
Examples pictured here indicate how the Company is improving products for utility customers, ultimately benefiting all electric power consumers. In addition, the use of computers to simplify designs, and hence manufacturing processes in the production of power transformers, has facilitated reductions in prices for this equipment. Similarly, the introduction of advanced machine tools, utilizing electronic controls developed by the Specialty Control Department, combined with product design innovations, has helped the Large Steam Turbine-Generator Department to make significant reductions in costs and has contributed to placing the Company in a better competitive position in the steam turbine-generator marketplace.

MORE POWER TRANSFORMER CAPACITY FOR LESS MONEY is being offered to utility customers as the result of the "Preferred Design" program. Computer techniques were employed in the simplification and standardization of designs, permitting cost-saving manufacture of these big units for utilities.



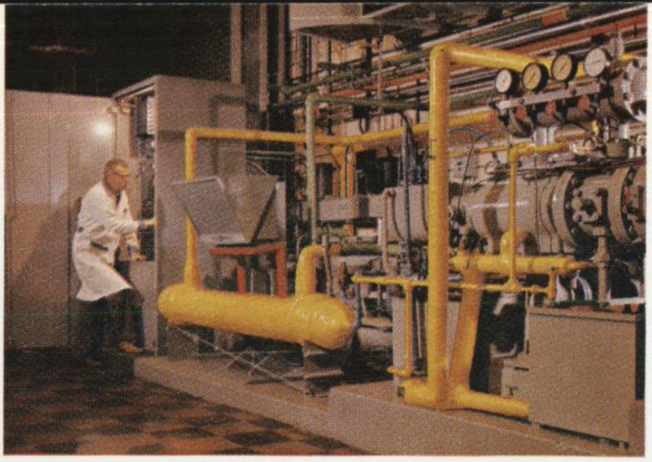
HELP KEEP ELECTRICAL SERVICE "TODAY'S BIGGEST BARGAIN"

MORE EFFICIENT CONTROL OF POWER SYSTEMS is provided by this automatic dispatch system, largest of its kind, developed by the Company's Instrument Department. It computes and regulates the most economic use of 37 generating units in ten different power stations serving the varying power needs of more than two million customers. For another utility, General Electric has on order a complex system providing computer control for an entire generating plant.

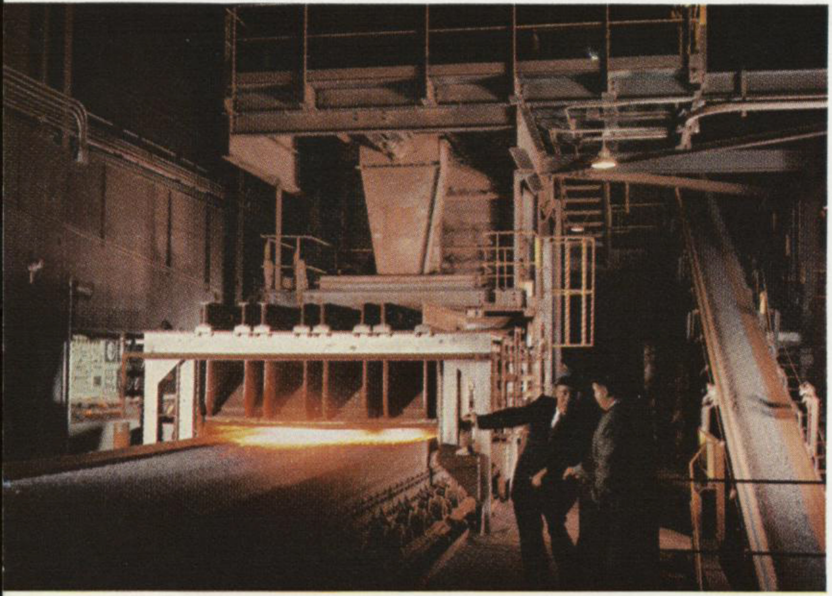


DEVELOPMENT CONTINUES in General Electric's search for more efficient, cost-saving components for power systems. Above: more economical method for testing giant motor stator's ability to withstand unusual electrical overloads, developed by the Company's General Engineering Laboratory.

LOWER-COST POWER TRANSMISSION is sought through development of extra-high-voltage lines. Canadian General Electric built transformers at left for experimental line carrying up to 600,000 volts. Even higher voltages will be carried by EHV system General Electric is constructing at Pittsfield, Mass.



NEW APPLICATIONS OF X-RAY by General Electric typify methods which add to production efficiencies. Above: an x-ray emission gage senses changes in chemical composition during production processes and signals for needed correction.



ON THE AUTOMATION FRONTIER is this iron sintering process system developed by General Electric—the first that combines a computer data-logger and x-ray equipment with automatic control for such a process.

EXPANDING SERVICE TO CUSTOMERS

ADVANCED SYSTEMS THAT EQUIP

During the 1960's, General Electric will continue intensive development of ideas and products for advanced industrial systems which can help customers achieve major new breakthroughs toward more effective business operations.

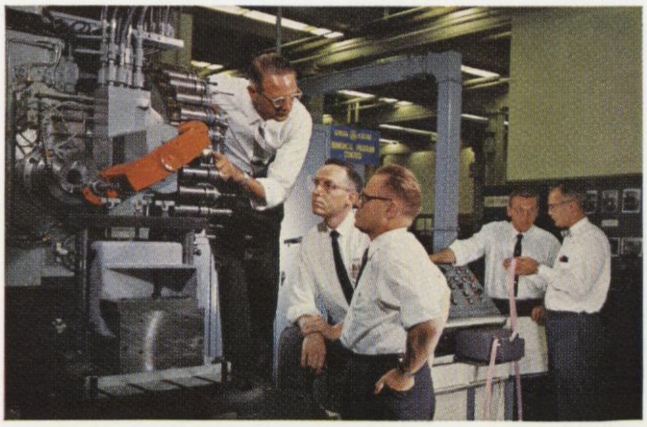
General Electric has, since its earliest years, been a leader in bringing about the electrification of industry. The Company's depth of experience in applying electric power and control to industrial processes provides the base for present developments aiming at the coordination of new electronic and computer technologies. The resulting systems perform many business functions automatically, tirelessly, with great accuracy and speed, and with cost savings that add to customers' competitive strength.

As illustrated on these two pages, General Electric continues to work creatively with customers in developing the elements of advanced systems—from sensing devices and instruments to communications equipment and computers. The Company's development of industrial systems extends well beyond factory operations. Successful development of an automatic bookkeeping system for banks, for example, can mean the effective breaking of the "paperwork barrier" in many other businesses.

Further evolution of information-handling systems such as these is constantly linking more closely many major areas of business, from the initial customer order to production scheduling, manufacturing processes, inventory control and shipments. This is the broad definition of automation General Electric is developing for its customers.

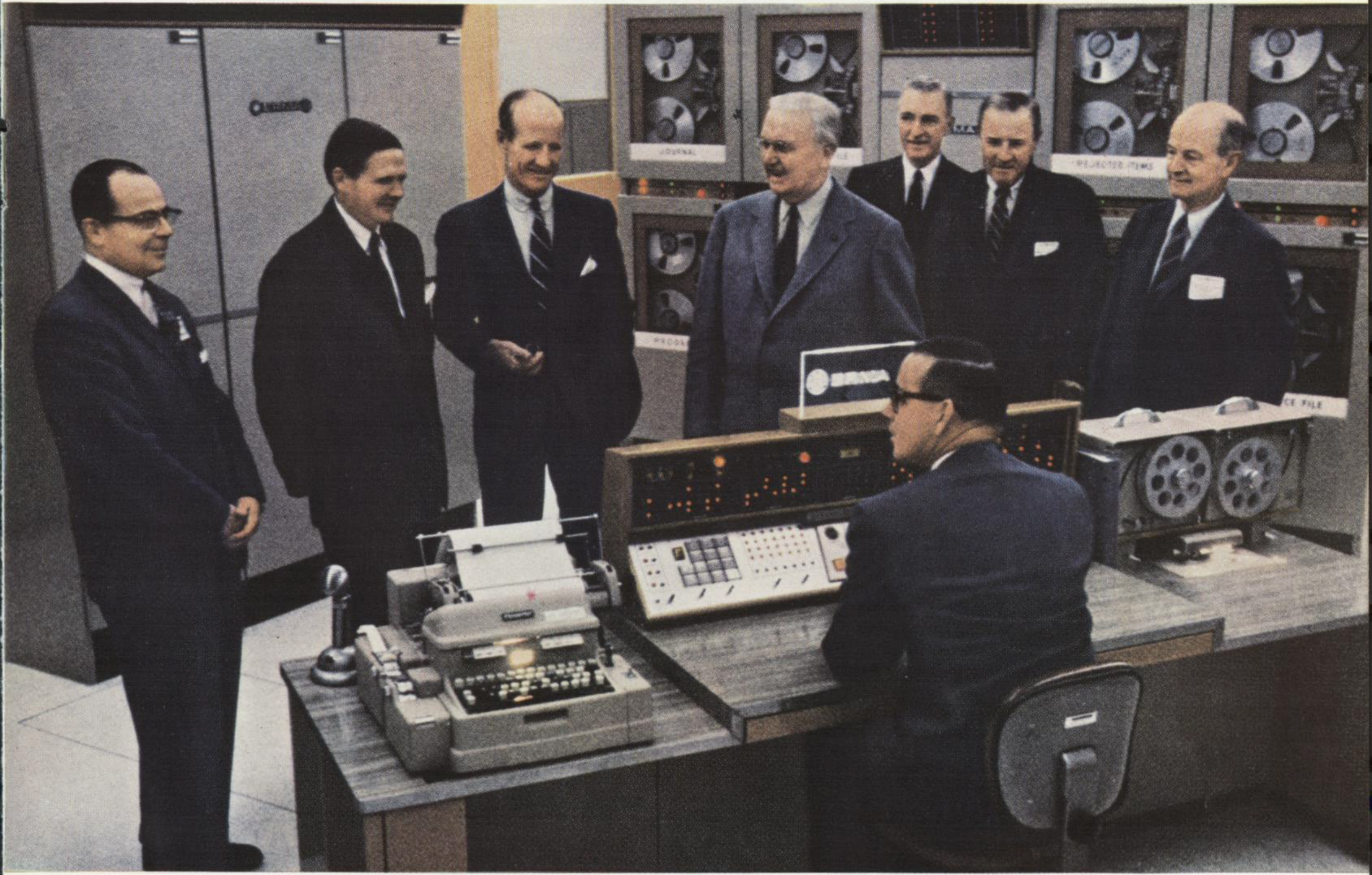
General Electric's progress in developing information-handling systems, combined with its long-established competence in energy handling, forms a unique integration of capabilities in this new area of service and growth.

ELECTRONIC CONTROLS shown here indicate the range of automation equipment supplied by General Electric. Complex industrial equipment above controls 186 motors to operate an annealing line preparing tinplate at 2400 feet per minute.

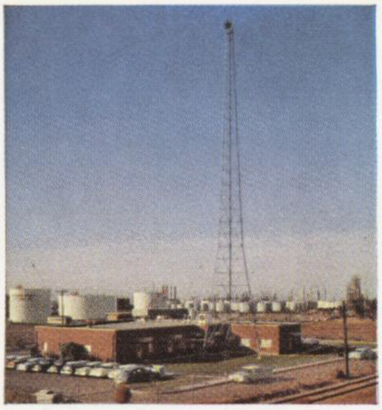


Tape control developed for the machine tool above brings "flexible automation" to manufacturers specializing in small-lot production. Company employees are shown in the Manufacturing Laboratory during instruction in use of this new equipment.

BUSINESS CUSTOMERS FOR MORE EFFECTIVE OPERATIONS



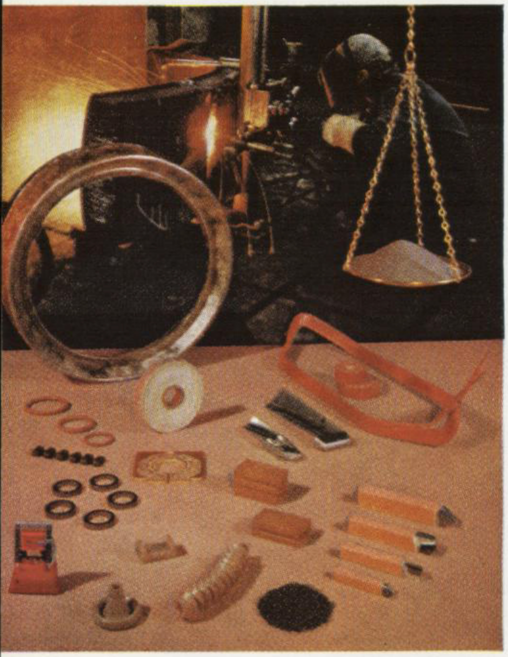
AUTOMATIC BOOKKEEPING is viewed by Company Directors in tour of computer facilities produced by General Electric for commercial banking. This system shown has been ordered by several banking customers. In automating paperwork, it points the way toward many other applications where business requires advanced information-handling techniques.



COMMUNICATIONS EQUIPMENT is playing an increasing role in coordinating the elements of broadening industrial systems. Microwave system pictured at the left helps control the flow of petroleum over an 800-mile pipeline network.

MAJOR ADVANCE IN INFORMATION-STORAGE technology was achieved by Research Laboratory's new "thermoplastic recording" process. Allowing more than 100 times as much information to be concentrated in a given space as present methods, it is undergoing further development for eventual military and industrial applications.

HELPING INDUSTRIAL CUSTOMERS OFFER BETTER PRODUCTS THROUGH BETTER COMPONENTS



MATERIALS FOR INDUSTRY include man-made industrial diamonds, silicone insulating tape, Lexan® plastic parts and special "created" metals and alloys.

CONSTRUCTION INDUSTRY COMPONENTS range from corrosion-resistant conduit to remote-control systems, entrance panels, other electrical service components, Textolite® plastic surfacing, and magnetic-suspension watthour meters.

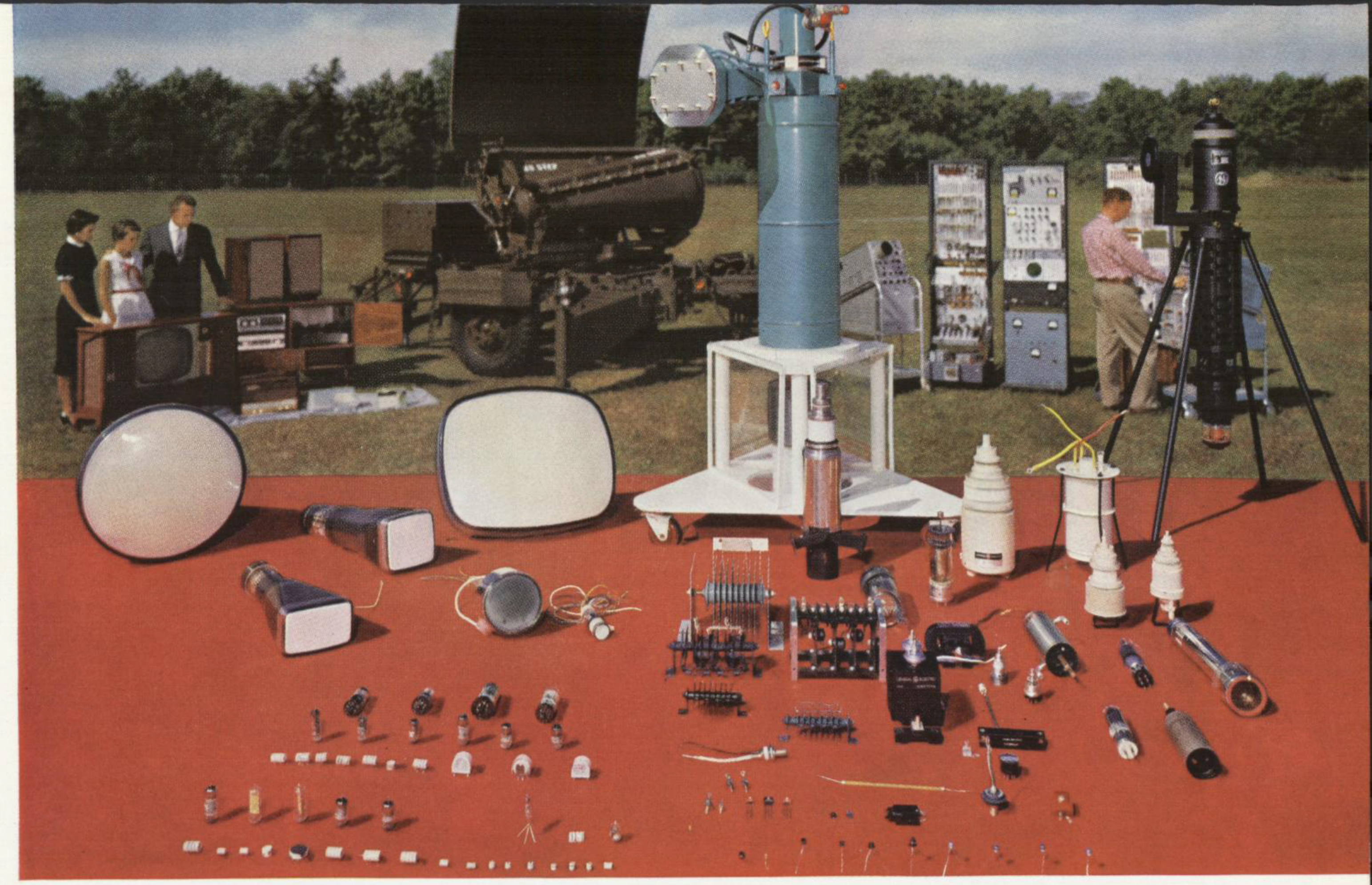
CONSUMER GOODS COMPONENTS from General Electric include appliance motors, controls, timers, fluorescent lamp ballasts and new "unitized" motor up to 40% more efficient than earlier models.

Careful attention to customers' specific needs for more effective electrical components and materials over the years has been the source of an expanding business for General Electric. Development of many types of small electric motors and other consumer goods components, as pictured above, has steadily added new customers among appliance manufacturers. Similar orientation to the particular needs of other customers has aided the Company in developing its role as a supplier of components and materials to such other industries as building construction, aircraft, lighting fixtures and machine tools. Growth of this service to industrial customers was a source of strength for General Electric in 1959, as discussed on page 3 of this annual report. Utilization of advanced cost-saving equipment for volume production enables the Company to offer positive competitive values to these customers.

Included in this area of the Company's activities are a number of promising new lines of business growing directly out of General Electric's research and development. As an example, the tough new Lexan® plastic material, announced two years ago, has met with acceptance justifying construction of a new plant at Mount Vernon, Indiana, expected to be in production in 1960. The Company continues to develop successfully its business in man-made industrial diamonds both at home and abroad. New businesses entered during the last decade also include decorative laminated plastics, many specialty alloys, copper-clad laminates for pre-printed circuits, and mica-mat insulation.

Electronic components form an important area of growth for General Electric. To its long-established business in electronic vacuum tubes, the Company has steadily added such new lines as semiconductors (including transistors), microwave equipment, cathode ray tubes (including television picture tubes), traveling-wave tubes, and Thermionic Integrated Micro-Modules, or TIMMS—complete circuits in tiny ceramic capsules. The Company has pioneered in developing effective cost-saving methods for mass-producing many of these components.

Two recent developments of particular promise are the silicon controlled rectifier and the tunnel diode. The silicon controlled rectifier combines the properties of transistors and rectifiers. Currently being delivered in pilot-production quantities, the tunnel diode is related to the transistor but surpasses it in speed of operation, temperature range, and low current drain. The Company expects these diodes to find extensive use along with tubes and transistors in the communications and computer fields.



ELECTRONIC COMPONENTS supplied by General Electric for consumers, industry and defense comprise 45 separate product lines and over 20,000 catalog items. Sampling above indicates the range, from tiny "tunnel diodes" and microminiature components to giant klystron tube for high-power search radar. New cathode ray tubes offer more brilliant TV pictures with a shorter tube making possible slimmer receivers. The wide range of uses of silicon controlled rectifiers under development by General Electric includes controls for missiles, industrial automation, and consumer goods.

ELECTRIC OIL-WELL DRILLING equipment from General Electric, installed here in a New Mexico oil field, allows basic redesign of equipment that is setting new standards for efficient and economic drilling.

NEW METER for gases and liquids in natural gas, petrochemical and other industries is this mass flow-meter which weighs fluid flow continuously and registers in pounds. This greatly simplifies fluid measurement.

RESEARCH IN MATERIALS is an important area of work at the Company's Research Laboratory. Shown here: Lucalox, translucent ceramic material, which was announced in 1959. It remains strong at blow-torch temperatures which cause fused quartz to bend.

ADVANCES IN APPLIANCES AND LIGHTING are dramatized by this kitchen designed as center for family's leisure-time activities. New appliance features include dishwashers with both top and bottom washing action, clotheswashers with automatic bleach dispenser, quieter Disposall® units, and ranges with highly sensitive temperature controls. Lamp developments include outdoor floodlights in six colors and new warm-toned fluorescents especially designed for home use.

THIN-WALL REFRIGERATOR above at right, developed by Hotpoint Division, offers 30% more storage space than earlier model (left) without taking more kitchen space, through use of new "Wonderwall" insulation.

ELECTRIC HOUSEWARES DEVELOPMENTS of 1959 include skillet with "tip-toe" leg and tilt-top lid for pan broiling, portable air coolers, king-size automatic blankets. baby food warmers and a home hair dryer.

ELECTRONIC HOME ENTERTAINMENT products from General Electric include a wide range of radio, television and high fidelity units and components.

EXPANDING SERVICE TO CUSTOMERS

DEVELOPMENTS IN PRODUCTS AND SERVICE TO EXPAND USE OF ELECTRICITY IN THE HOME

The average new home in the United States today contains $575 (at factory selling prices) in equipment and materials of a type made by General Electric. An electrically heated and cooled Gold Medallion home as shown at right, while remaining in the moderate price range, can utilize as much as $3,020 worth of General Electric appliances and equipment. The width of this gap gives an indication of the potential market for expanding the residential use of electricity and electrical products. General Electric's efforts to narrow this gap are pointed up by the formation of the new Residential Market Development Operation discussed on page 5, as well as by continuing development in products and service.

Year-to-year improvements in product values help General Electric win wider public acceptance for products such as dishwashers and Disposall® kitchen waste units which still have high growth potentials. Innovation of new features and conveniences helps build the replacement market for more widely used appliances, including refrigerators, clotheswashers, ranges and television sets.

Entire new concepts in home products are under development at General Electric to open up new conveniences for customers and new market opportunities for the Company. Example: for patio parties, the new "Partio Cart," a complete outdoor cooking center on wheels.

Improvement in after-sale service for home products is considered by the Company an essential step toward the realization of the industry's full growth potential. A new program of the Major Appliance Division provides a region-by-region check on customers' reactions to eight important aspects of service calls, ranging from the appearance and attitude of the serviceman to the promptness and price of the service. The Company is focusing special efforts on such phases as—

- ■ increasing promptness of service calls in such ways as the use of two-way radio, as shown at right;
- ■ improving the availability of parts—the nighttime replacement of servicemen's inventories exemplifies new methods being explored;
- ■ continuing efforts to improve servicemen's training and technical abilities.

The Company's Hotpoint Division is giving equal attention to improvements in after-sale product service.

TOTAL ELECTRIC living is dramatized by Gold Medallion Homes.

TO SPEED SERVICE CALLS in Los Angeles area, this dispatch center uses two-way radio to relay instructions to fleet of service trucks.

WHEN CALL IS COMPLETED, serviceman reports whatever parts he used. Replacements are placed in special basket for each serviceman.

NIGHT DELIVERYMAN delivers baskets of replacement parts to service trucks. Next day, serviceman starts calls with full set of parts.

NEW INTERNATIONAL GROUP FORMED TO REALIZE GROWING OPPORTUNITIES FOR SERVICE ABROAD

General Electric's 1959 organization change, establishing the International Group as one of five major Company Groups, brings fresh emphasis to a long-established business.

From its earliest days, General Electric has participated in international business through exports from the United States and investment in manufacturing and marketing operations abroad. Today the Company's business outside the United States is conducted by two major organizations identified with the new Group:

International General Electric Company Division directs the Company's operations outside the United States and Canada and is charged with contributing to General Electric's objectives with benefit both to the United States and to the countries where the Company is free to trade. Its principal responsibilities include:

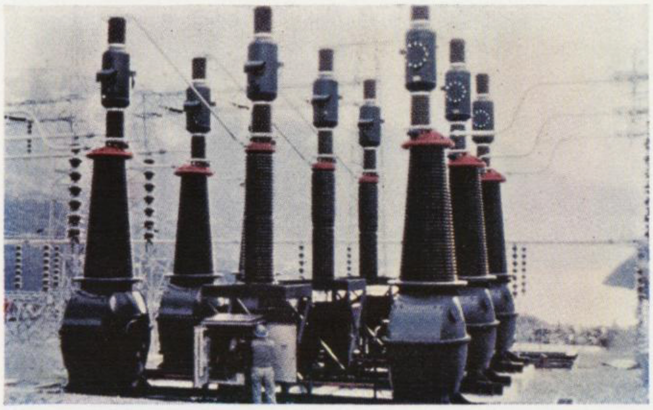
- the export sales and distribution of General Electric products;
- the Company's interest in a number of foreign-based manufacturing and distributing operations.

Sales by this international division over the last decade have averaged 5% of General Electric's total sales. Foreign subsidiary companies of General Electric, employing about 16,000 people, are located in 17 countries outside the United States and Canada. A total of 21 manufacturing or assembly facilities are operated in 9 of these countries. Additional facilities in these and other countries are currently being established.

General Electric's investment in nonconsolidated foreign subsidiaries at September 30, 1959, was carried at the cost ($28.2 million) of the Company's equity plus advances ($6.6 million) to them. This carrying value was approximately $37.0 million less than the equivalent dollar value of the Company's equity in the net assets of these subsidiaries. Operations of these subsidiaries for the fiscal years ended September 30, 1959 and 1958 and combined statements of financial position are shown at right.

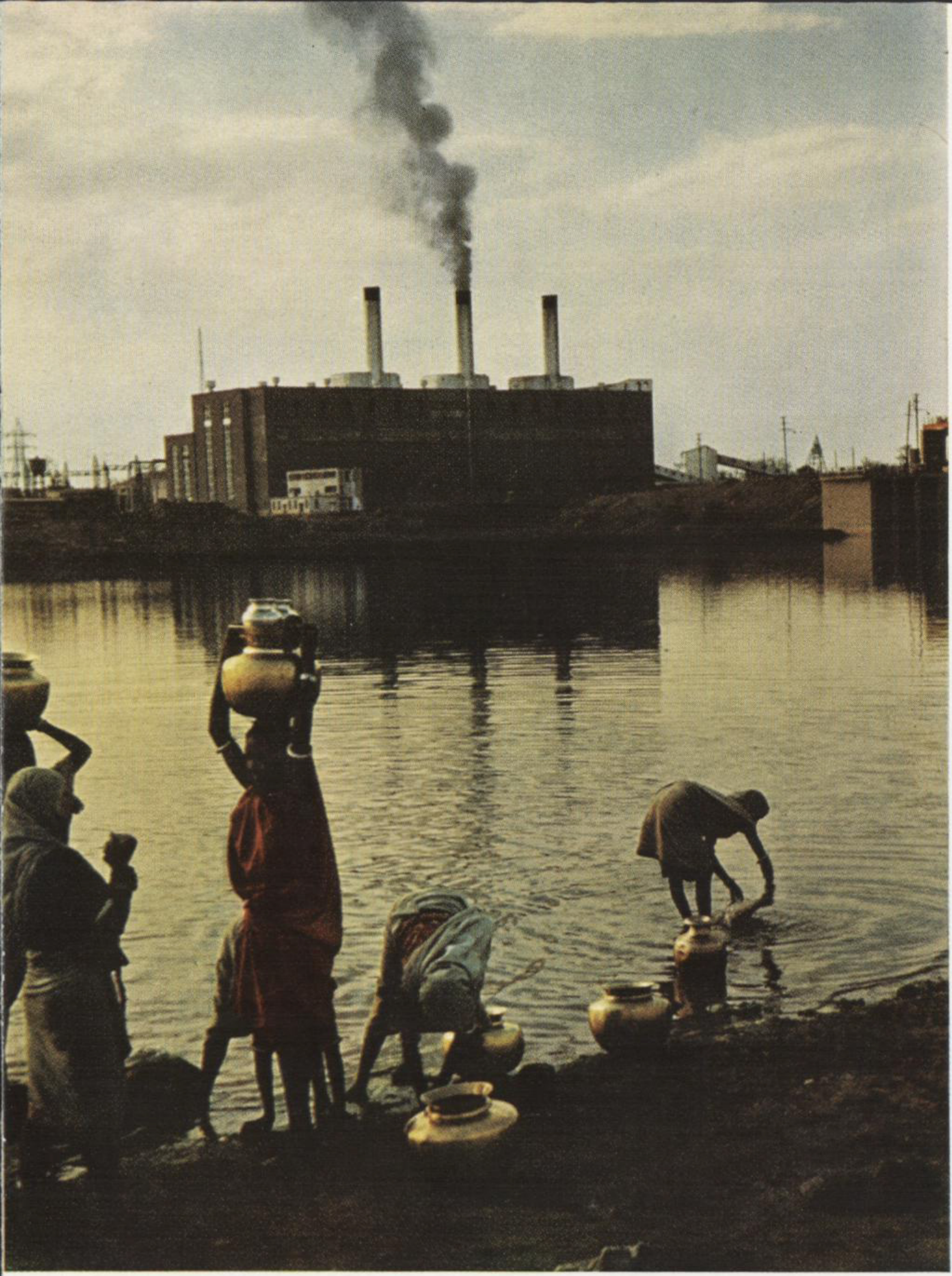
Canadian General Electric Company, Ltd., whose operations are included in the consolidated financial statements, continued in 1959 to supply the Canadian economy and export markets with a wide range of electrical products and services. Over the last decade this Company's sales were 6% of total General Electric sales, and consisted almost entirely of products manufactured in Canada. The average number of employees in 1959 was 13,438 and the Canadian Company utilized more than 5 million square feet of manufacturing floor space in plants located in 8 communities.

STEEL MILL CONTROLS manufactured for export to three nations by General Electric's Industry Control Department in Salem, Va., indicate the advanced types of equipment being installed by many overseas customers.



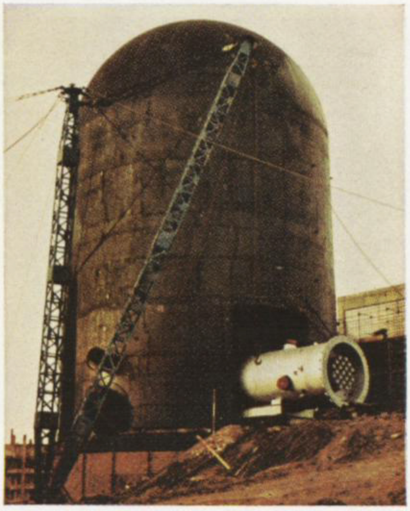
CANADIAN POWERLINE equipment typifies products supplied to the nation's economy by Canadian General Electric. Shown here: big circuit breakers installed in British Columbia.

Foreign Nonconsolidated Subsidiaries Combined Statements	(In millions) September 30	
FINANCIAL POSITION	**1959**	**1958**
Receivables	$ 62.9	$ 64.2
Inventories	36.2	38.2
Fixed assets	31.1	30.1
Other assets	27.3	24.8
Total assets	157.5	157.3
Borrowings	33.2	32.4
Other liabilities	52.5	51.0
Total liabilities	85.7	83.4
Equity of, and advances by, General Electric	71.8	73.9
Carrying value at September 30	34.8	40.4
Excess of equity over cost	$ 37.0	$ 33.5
OPERATIONS (twelve months ended September 30)		
Net sales billed	$132.0	$137.2
Earnings before provision for exchange variations	$ 11.2	$ 9.9
Provision for changes in foreign exchange rates	2.8	7.4
Net earnings	$ 8.4	$ 2.5
Dividends for calendar years 1959 and 1958, included in General Electric Company's earnings	$ 7.9	$ 6.2

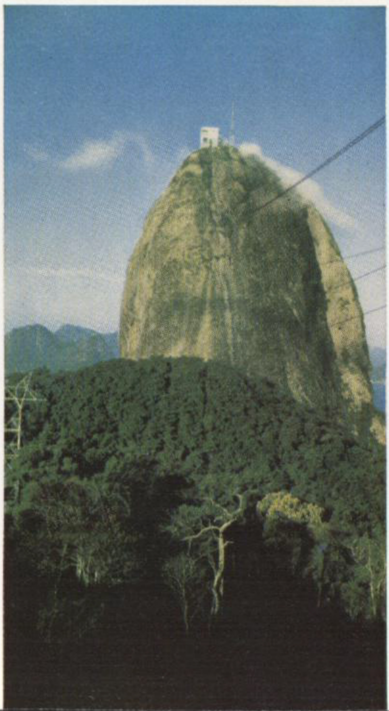


GENERAL ELECTRIC'S AID TO DEVELOPING COUNTRIES is exemplified by the turbine-generators supplied to this power plant at Bokhara, India. The plant's General Electric equipment supplies 187,500 kw of power to the Indian economy.

MORE POWER FOR JAPAN is supplied by this big generating unit from General Electric, highest-rated ever imported by the Japanese. It will supply electricity to the Tokyo area.



ATOMIC POWER PLANT for West Germany is one of three nuclear plants which General Electric is scheduled to develop for customers overseas with marketing aid of International General Electric Company Division.

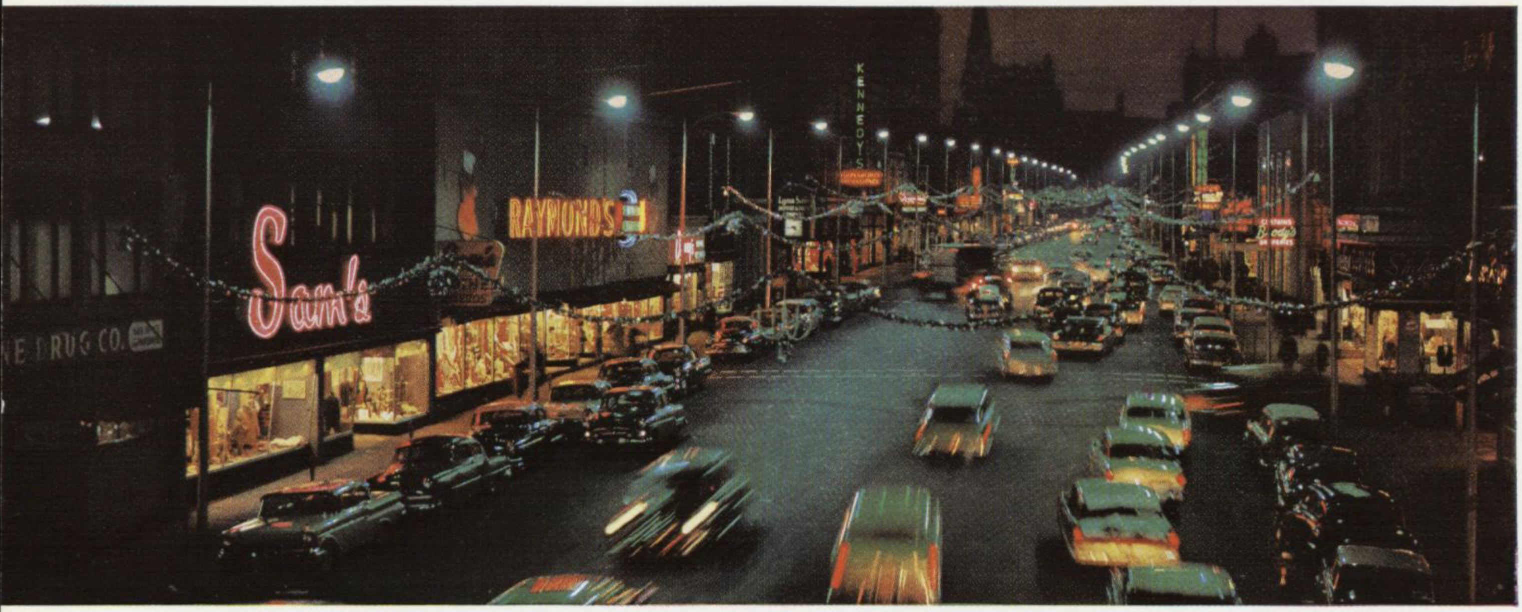


CONSUMER GOODS FOR SOUTH AMERICA include many products manufactured in such modern plants as the new Camino Maldonado plant in Montevideo, Uruguay (above). Center: Rio de Janeiro's first television transmitter, atop Sugarloaf Mountain, utilizes General Electric equipment. Shown at far left: assembly of TV receivers in Brazil.

CONTRIBUTING TO WORK ON COMMUNITY AND NATIONAL PROBLEMS

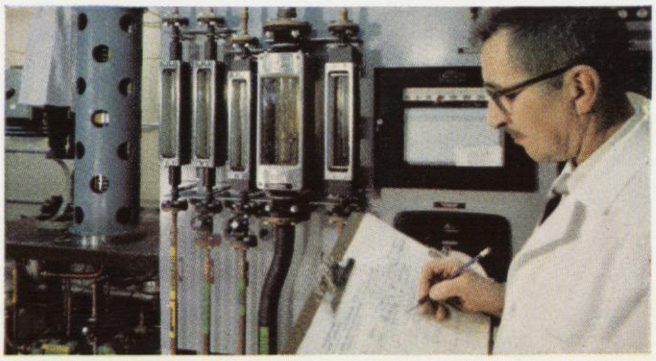
Many of General Electric's activities and research projects have important overtones of service to communities and to the public as a whole. In the decade ahead these activities are likely to receive increasing emphasis in the light of renewed public efforts to solve such intensifying problems as those presented by increasing urban congestion, the drive for better commuter transport and superhighway systems, the need for greater water resources and the desire for improving education. Four of many examples that could be drawn from the Company's 1959 activities are indicated here.

TOWARD GREATER AIR SAFETY: Development by Light Military Electronics Department uses small computer to translate instrument data for the pilot, superimposes an electronic "roadway in the sky" on windshield during poor visibility.



GOOD STREETLIGHTING such as this in Lynn, Mass., has proved its community worth through cutting nighttime traffic accidents and fatalities and helping merchants attract shoppers. Experience in many communities shows that adequate lighting can help prevent 75% of nighttime crime and that playground lighting aids in combating juvenile delinquency.

AID TO EDUCATION is provided by the General Electric Foundation, a trust established and exclusively supported by General Electric Company. During 1959 the Foundation made contributions to 448 educational institutions for general operating expenses, for specific educational research and curriculum studies and for support of summer study programs for high school teachers. Other grants were for 102 fellowships for graduate studies, and 40 scholarships for undergraduate work for employees or their children. Under terms of the Corporate Alumnus Program, the Foundation matches gifts of Company employees to their alma maters up to $2,000 per employee per year. Total contributions by the Foundation in 1959 were $1.3 million.



FRESH WATER FROM SEA is the aim of new process shown here in development at Company's General Engineering Laboratory. First application scheduled is for shipboard use.

1959 EMPLOYMENT AND COMPENSATION MAINTAINED AT HIGH LEVELS

To realize the opportunities for expanding service to customers, General Electric enters the 1960's with excellent facilities, and with one of the nation's finest creative and productive teams.

Average employment at General Electric in 1959 was 246,840, which was below the 1958 and 1957 averages, but employment had risen at the end of 1959 to 250,855, as compared with 205,935 for 1950.

This relatively high average of employment reflected a number of actions by managers to overcome the effects of the 1959 steel strike. One such action, taken months before this strike started, was the investment required to maintain a 120-day supply of steel during the emergency period. Thus the possible harmful effects of this strike were held to a minimum for General Electric employees.

1959 compensation surpassed 1958 both in total and in the average per employee. Total compensation, including the cost of benefit programs, was $1,784 million, compared with $1,640 million in 1958. Average annual compensation per employee rose to $7,226.

The Company's 1959 costs for employee benefit plans totaled $173 million exclusive of such items as paid vacations and holidays, which are included in wages and salaries. These costs include $35 million for the 1959 Company cost of the General Electric Savings and Security Program, which started on January 1, 1959. The benefit of this Program to the individual employee is indicated by the fact that an employee who had earnings for 1959 equal to the Company average, and who had elected maximum participation and maximum investment in General Electric stock, had an account with a market value at the year's end of $778 (including the value of one share of stock received as a non-recurring Prompt Enrollment Incentive). Most employees in bargaining units have been prevented from having the opportunity to enroll in the Program because of its non-acceptance by their union representatives.

Participation in this Program was 88% of those eligible, with 112,840 employees contributing at the end of 1959.

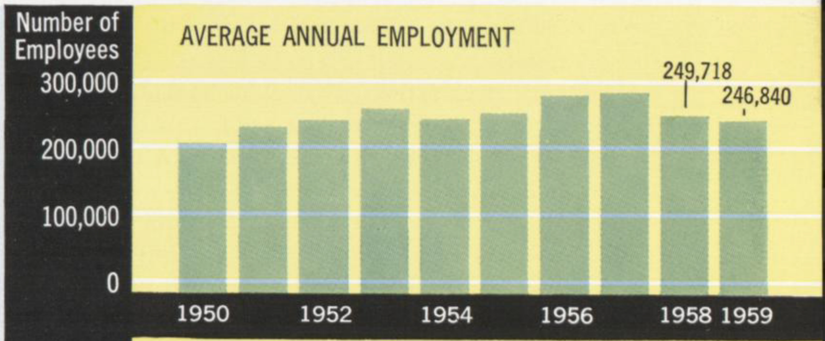
Other employee benefit plan costs included $62 million for the Company's pension plans (as shown in table below at left) and $28 million for the Company's insurance plans; nearly $1 million represented the market value of shares for bonuses to participants in the General Electric Savings and Stock Bonus Plan; about $1 million was for payments under the Suggestion Plan, and $44 million for social security taxes such as old-age and survivors' insurance and unemployment insurance.

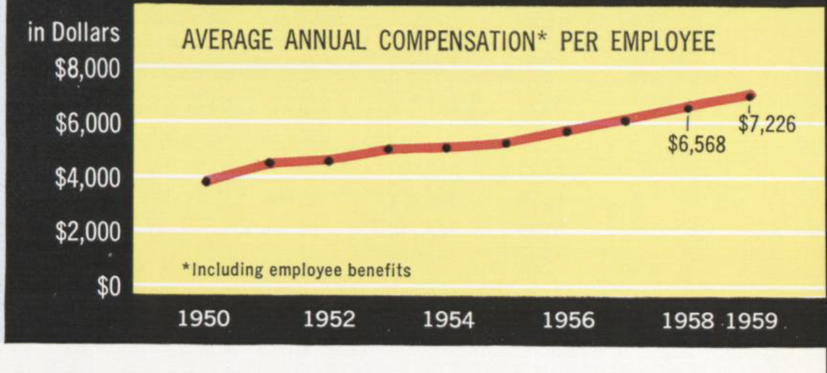
The steady rise in average annual compensation for General Electric employees, as shown in the chart below, reflects the continuing efforts of the Company to provide challenging work opportunities and compensation that rewards each employee fairly for his contributions.

(continued on next page)

PENSION TRUSTS for employees of General Electric Company and its subsidiaries (In millions)

Operating Statement	**1959**	**1958**
Total assets—January 1	$ 923.5	$836.1
Plus: Company contributions	62.0	53.3
Employee contributions	5.5	20.7
Investment income	37.6	35.6
	1,028.6	945.7
Less: Pensions paid	24.8	22.2
Total assets—December 31	$1,003.8	$923.5
Financial Position—December 31		
Investments	$ 982.8	$902.7
Cash	1.6	2.9
Other assets	19.4	17.9
Total assets	$1,003.8	$923.5
Liability to pensioners	$ 191.4	$174.6
Reserve for pensions to participants not yet retired	812.4	748.9
Liabilities and reserves	$1,003.8	$923.5





Union contracts terminable on October 1, 1960, will occasion negotiations with unions representing many employees in bargaining units. The Company's viewpoint on these negotiations is expressed in the Chairman's Comments, page 1 of this annual report.

The need to provide the Company with managerial and professional leadership requires incentives that will attract and retain employees who are highly competent to accomplish this kind of work. Such leadership is essential for Company success and thus relates directly to increasing work opportunities and rewards for other employees.

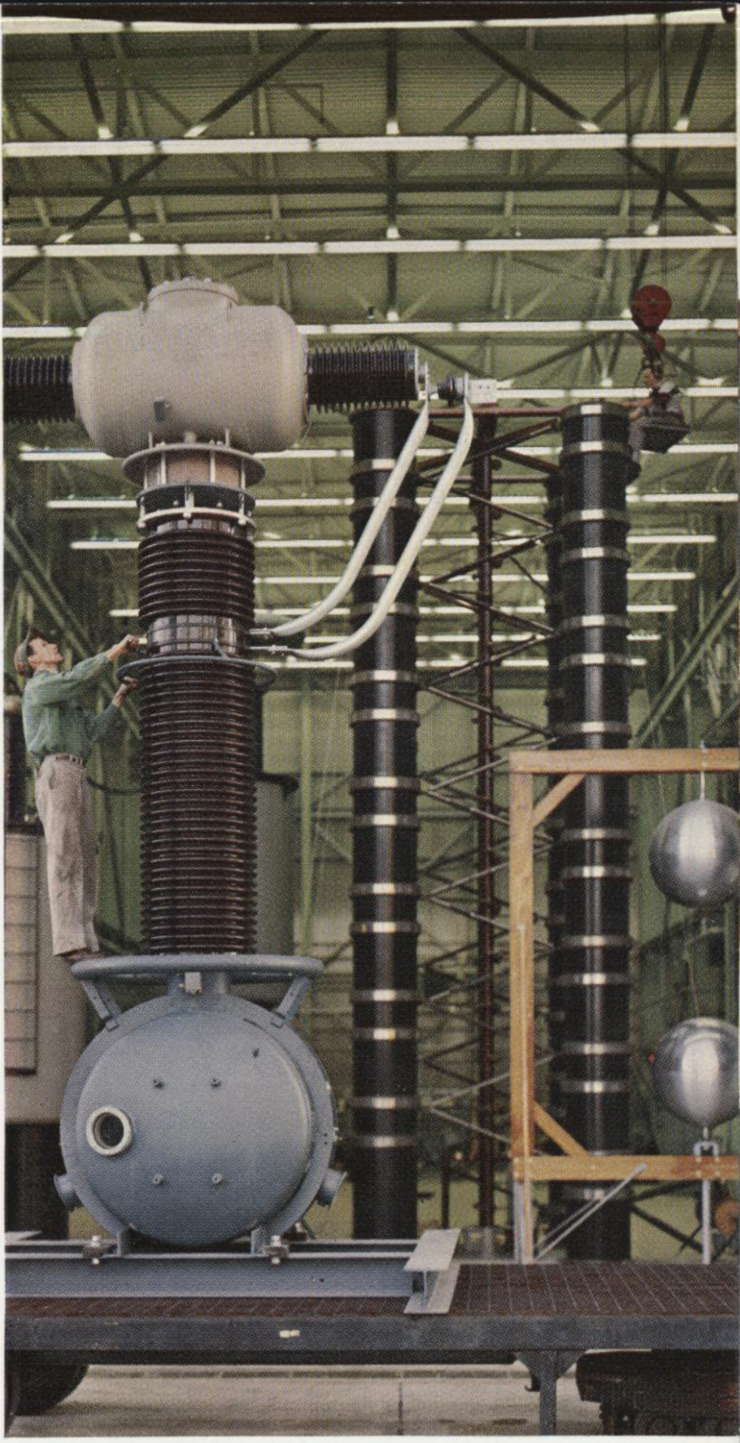
The Incentive Compensation Plan, as amended at the 1958 Annual Meeting by 98.5% of the shares voted, provides incentive for outstanding performance by key employees. Incentive amounts allotted in any given year vary in accordance with how well the year's objectives are met by the Company as a whole, by the component for which the individual works, and by the individual himself. Allotments made in 1959 for outstanding performance in 1958 amounted to $14,002,832 for 2,221 employees.

The restricted Stock Option Plan, approved by 98.4% of the shares voted at the 1958 Annual Meeting, and a previous similar plan, provided a continuing incentive for more than 1,100 employees during 1959. The option price of grants under these plans is the full market value of General Electric stock on the date of the grant, so participants do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options, the employee must remain with the Company, since options may be exercised only after annual installments mature, generally over a period of nine or ten years. Thus the plan encourages outstanding managers and professional employees to have a greater long-term interest in the Company's over-all results.

Additional stock options granted during the year totaled 36,896 shares. In 1959, shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 76,271. Options for 2,029,042 shares outstanding at the end of 1959 were held by 1,133 individuals, and 1,511,859 shares were available for the granting of additional options. A summary as of December 31, 1959 follows:

Year of grant	Average option price	Net original grants*	Installments not yet exercisable	Exercisable installments as yet unpurchased	Shares purchased in 1959
1953	$23.89	2,045,027	678,529	118,476	232,002
1954	45.00	574,612	234,629	150,008	94,562
1955	52.25	663,680	353,196	196,150	82,127
1957	65.76	205,359	156,869	42,625	5,865
1958	64.88	62,798	55,765	6,130	903
1959	79.88	36,665	36,665	not yet exercisable	
		3,588,141	1,515,653	513,389	415,459

*After deductions for such reasons as deaths, retirements and withdrawals.



INVESTMENT TO CREATE JOBS in today's highly productive industry requires substantial expenditures for plant and equipment. General Electric places particular emphasis on providing employees with better facilities for research and development. Shown above: new high-voltage testing laboratory added to General Electric's Switchgear Development Center in Philadelphia. It will use man-made lightning to test air-blast circuit breakers and other equipment for transmission systems of the future. On the back cover of this report is shown an example of the Company's investment in advanced production equipment: a huge new machine guided by punched-card controls in manufacture of parts for turbine-generators. In the past decade the Company has nearly doubled the floor space of its manufacturing, laboratory, warehouse and office facilities, reaching 106 million square feet, which includes floor space at 167 plants in the United States and Canada at the end of 1959.

1959 FINANCIAL SUMMARY

Sales of products and services to customers in 1959 totaled $4,349.5 million—6% above 1958 sales and slightly above those for 1957. Sales of consumer goods, of components and materials for industrial customers, and of the defense product departments showed gains over the prior year while sales of heavy capital goods declined. See pages 2 through 5 for details of sales trends.

Wages, salaries and employee benefits reached a new high of $1,783.7 million, compared with $1,640.2 million in 1958 and $1,715.3 million in 1957, the previous record year. Additional information is presented on page 21.

Materials, supplies and all other costs not shown separately totaled $1,997.0 million, an increase of $194.6 million over such costs for 1958. Material prices increased slightly during the year, principally as a result of somewhat higher costs for non-ferrous metals.

Depreciation and amortization (cost of wear and obsolescence of plant and equipment) amounted to $119.9 million in 1959 compared with $124.5 million in the prior year. Plant and equipment less accumulated depreciation (original cost of land, buildings and equipment, less estimated cost consumed by wear and obsolescence) totaled $679.6 million at the close of 1959, a decrease of $33.1 million from the end of the prior year. Details of changes in plant and equipment during each of the last three years are shown in the tabulation at the bottom of the page.

1959 expenditures of $91.3 million for new plant and equipment were some $28.6 million less than depreciation and amortization recorded for the year, which had the result of increasing the Company's working capital. Of the 1959 expenditures, 87% represented new equipment and 13% land and buildings.

Included in the provision for cost of wear and obsolescence was $8.7 million for five-year amortization under certificates of necessity, $3.3 million of which was in excess of normal depreciation. At the end of 1959, certificates of necessity remained in force for facilities with a cost of $188.5 million. Approximately 63% of this amount has been or is being amortized over five-year periods, with the balance being depreciated at normal rates.

Taxes, except those on income, consisting principally of state and local franchise and property taxes, amounted to $38.0 million, an increase of 2% over the prior year. This amount does not include (1) social security taxes, which are included as a part of employee benefits, (2) indirect taxes included in the price of materials and services purchased, or (3) certain excise and sales taxes excluded from both sales and costs.

Inventories represent products ready for sale and those in process of manufacture. Inventories at the end of 1959 in the amount of $626.2 million were carried over as costs applicable to sales in future years. This compared with inventories carried over from 1958 totaling $610.5 million. The 3% increase in inventories compared with a 6% increase in sales. The favorable relationship was achieved largely by further improvements in production scheduling and materials control.

Nonoperating income amounted to $40.5 million in 1959, an increase of $16.7 million over 1958. This increase resulted primarily from greater earnings on marketable securities and higher income from foreign service charges. Interest

CHANGES IN PLANT AND EQUIPMENT DURING	**1959**	**1958**	**1957**
	(Amounts in millions)		
Cost of plant and equipment in use January 1	$1,553.0	$1,511.8	$1,419.7
Cost of facilities added during year	91.3	104.1	153.6
Deduct: Cost of facilities dismantled during year	*77.9*	*62.9*	*61.5*
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31	$1,566.4	$1,553.0	$1,511.8
Accumulated depreciation and amortization January 1	$ 840.3	$ 774.7	$ 706.4
Depreciation	116.6	119.7	112.8
Amortization in excess of normal depreciation	3.3	4.8	7.1
Total depreciation and amortization included in costs	119.9	124.5	119.9
Deduct: Accumulated depreciation on facilities dismantled during year	73.4	58.9	51.6
ACCUMULATED DEPRECIATION AND AMORTIZATION DECEMBER 31	$ 886.8	$ 840.3	$ 774.7
COST LESS ACCUMULATED DEPRECIATION DECEMBER 31	$ 679.6	$ 712.7	$ 737.1

and other financial charges amounted to $10.6 million, about the same as 1958, and consisted primarily of interest on the Company's 1956 debenture issue.

Provision for Federal and Canadian taxes on income, and for renegotiation, amounted to $272.0 million in 1959, an increase of 12% over this provision for 1958. The Federal income tax returns of the Company and its principal subsidiaries have been audited by the Internal Revenue Service through 1955 and, aside from certain refund claims, no controversies are pending; renegotiation has been settled through 1955. Other income taxes (state and local) aggregated $3.0 million in 1959 compared with $2.5 million in 1958. Total tax and renegotiation cost for General Electric in the year 1959 amounted to $3.56 a share of common stock—37¢ more than net earnings.

Net earnings of $280.2 million, or $3.19 a share, were 15% above the prior year and set a new record, exceeding the previous high of $2.84 in 1957 by 13%. Earnings as a percentage of sales amounted to 6.4% in 1959, compared with 5.9% in 1958 and 5.7% in 1957 (see pages 6 and 7).

Dividends declared amounted to $2.00 a share in 1959, a total of $174.3 million. This represented 62% of net earnings, compared with 71% for 1958, when dividends declared were also $2.00 a share (see pages 6 and 7).

Net working capital (the excess of current assets over current liabilities) amounted to $828.0 million at the close of 1959, an increase of $120.5 million during the year. Changes in net working capital may be summarized as follows:

	(In millions)	
	1959	1958
Additions to net working capital		
Net earnings for the year	$280.2	$242.9
Depreciation for the year	119.9	124.5
All other—net	11.6	−1.7
	411.7	365.7
Uses of net working capital		
Expenditures for plant and equipment	91.3	104.1
Dividends on common stock	174.3	173.7
General Electric debentures purchased	25.6	—
	291.2	277.8
Increase in net working capital	$120.5	$ 87.9

Cash and marketable securities aggregated $596.2 million, an increase of $91.0 million over the total at the close of 1958. The increase in net working capital during 1959 was largely concentrated in these items.

Receivables, less reserves, were $576.9 million at the close of 1959. The increase of $57.3 million during 1959 resulted principally from higher sales levels.

Investments and advances amounted to $171.8 million at December 31, 1959, an increase of $14.5 million during the year. Details of the investment account are shown on page 28, and the bases on which these investments are valued are described in the Notes to Financial Statements.

The increase in investments resulted primarily from the greater investment in General Electric Credit Corporation, which amounted to $103.2 million of this total at the close of 1959. This wholly owned subsidiary, which assists customers in the financing of their purchases, had assets of $444.5 million at the end of 1959. The Corporation purchased $389.5 million of customer contracts from dealers during the year. In addition, assistance to distributors and dealers through inventory financing amounted to $260.5 million in 1959. Statements of financial position and current earnings of this subsidiary are presented in the Notes to Financial Statements on page 29.

The Company's investment in and advances to nonconsolidated foreign subsidiaries totaled $38.7 million at the close of 1959. Combined statements for these subsidiaries at September 30, 1959 and 1958 are shown on page 18.

Investment in the Company's common stock represented the cost of 360,572 shares at the end of 1959. A summary of changes during the year appears below:

	Number of shares
Shares of General Electric common stock held at January 1, 1959	437,435
Acquired during the year	422,574
	860,009
Used during 1959	
In lieu of cash payments under the Incentive Compensation Plan	
Delivered to participants	52,739
Transferred under deferred provisions	17,700
For the General Electric Savings and Security Program	423,800
For the General Electric Savings and Stock Bonus Plan	3,959
Other awards to employees in lieu of cash	1,239
Total shares used	499,437
Shares held at December 31, 1959	360,572

In addition, at December 31, 1959 the Company was holding for ultimate distribution to employees on a contingent basis under the deferred compensation provisions of the Incentive Compensation Plan, a total of 308,683 shares of General Electric common stock allotted in lieu of cash for the years 1947 through 1958. These shares were carried under "Other Assets" as a part of "Funds for employee benefit plans" at market value on the date of their allotment, with an offset under "Other Liabilities."

The Company's 3½% debentures outstanding at the close of 1959 amounted to $274.4 million, a decrease of $25.6 million from the amount outstanding at the end of the prior year. This reduction was caused by Company purchases of its debentures on the open market. Debentures so acquired are being held in treasury in anticipation of

PRODUCTIVITY AND THE SHARE OWNER

Highlighted earlier in this annual report are some of the ways in which General Electric is helping industrial customers by providing them with more efficient tools, controls and systems for their operations. Such improvements in productive methods are typical of the continuing gains which American industry needs in order to accelerate the nation's economic growth, to raise the levels of living for a growing population, and to compete more effectively with foreign producers.

Desirable as our current productivity improvements are, they are not occurring rapidly enough to continue the country's present rate of growth nor to equal the growth rates of some industrialized foreign countries.

This brief article attempts to underline the vital importance of accelerating productivity gains and to review with share owners some of the reasons why U. S. productivity is not increasing swiftly enough.

Improved productivity occurs when increased physical output, such as kilowatt hours of electricity or barrels of oil, results from the more effective utilization of the input of raw materials, machines and the efforts of people.

Among the obstacles to improving U. S. productivity is a widespread misunderstanding of how productivity gains come about and who contributes to them.

A simple example will show that there are a number of prime contributors to productivity gains, including inventors, labor, capital and management.

Consider the case of a crew today operating a giant electric shovel compared with a crew of yesterday wielding hand tools. The operators of the big shovel accomplish far greater results, with considerably less physical effort and attention. To whom should the benefits of this increased productivity go? To the crew, who are doing less physical work than they used to? To the designer or manufacturer who made the shovel practicable? To the investor who provided funds for the larger capital requirements so the shovel could be built and purchased? Or to the customer who benefits from the digging?

There is a clear need for the public to develop a better understanding that from every productivity gain, benefits may be expected to flow to *all* connected with the gain—and not just to one of the contributors. These benefits are best distributed by the normal workings of our competitive market system and should not be arbitrarily allotted to one contributing group nor "split up" according to some formula.

Despite economists' efforts, measurements of productivity and of the contributions to productivity improvements remain merely rough indicators of national aggregates. These measures may become completely misleading when applied to individual companies.

As one corollary of this confusion surrounding productivity, the public has not sufficiently challenged the claims of labor union officials to all the gains from productivity increases, and in some cases in excess of these gains.

Incentives to institute productivity gains are created and the benefits distributed through the competitive market system. To rely on other means of distribution in a competitive economy creates economic distortions that will discourage other essential contributors and will inevitably slow the pace of improvement.

Other obstacles which discourage productivity gains consist of such artificial barriers as the following:

- Some unions' resistance to the adoption of new techniques, new processes and new materials by industry, thus interfering with employees' active participation in increasing business volume and profitability and in realizing steadier work and greater job opportunities.
- Progressively higher tax rates, which act to diminish or remove the incentives for risk-taking innovations.
- Inflation, which discourages the savings required for new investment.
- Inadequate depreciation allowances for Federal tax purposes—allowances which are entirely insufficient to cover the cost of capital consumed in *today's* dollars, and even provide for recovery of *yesterday's* dollars over too long a period.

Investors in American industry, comprising a force more than twelve million strong, can aid themselves, their companies and the nation by striving to develop better understanding of productivity and the need for productivity gains, as well as understanding how the competitive market system results in better distribution of the benefits among all contributors.

the required sinking fund payments of $13 million annually commencing in 1961, as provided in the underlying indenture agreement.

Common stock issued by the Company amounted to 88,282,899 shares at December 31, 1959, compared with 87,681,422 shares at the end of the previous year. During 1959, a total of 415,459 shares were issued under terms of the Company's restricted stock option plans (see page 22) and 186,018 shares were issued for the major portion of employee purchases during 1959 under the General Electric Savings and Security Program (see Details of Items in Statements on page 28).

Amounts in excess of par value received for stock aggregated $101.8 million at the end of 1959, an increase of $37.8 million during the year. The increase represented $11.3 million from dispositions of common stock held in treasury and $26.5 million of premium on original sale of common stock (see Details of Items in Statements on page 28).

In these financial statements, brief explanations have been added to the accounting terms used. These have been introduced in the belief that many share owners who are not familiar with special accounting terminology will find the explanations helpful. For those having more experience in interpreting financial statements, the terms utilized in the past have been retained.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	december 31	
	1959	1958
Cash on hand and in banks	$ 83,122,461	$ 96,155,329
Marketable securities (bonds and other short-term investments readily convertible to cash)	513,101,557	409,097,489
Receivables* (money owed to the Company by customers)	576,877,316	519,622,580
Inventories (materials, and products being made or completed and ready for sale)	626,203,743	610,478,191
	1,799,305,077	1,635,353,589
Deduct: Collections from customers on contracts in progress and anticipated price adjustments on contracts	231,959,261	227,493,069
CURRENT ASSETS (cash, or items convertible to cash within a year)	1,567,345,816	1,407,860,520
Investments and advances* (mainly securities of wholly owned companies not consolidated, plus loans to them)	171,849,451	157,354,120
Plant and equipment less accumulated depreciation (original cost of land, buildings and equipment—less estimated cost consumed by wear and obsolescence)	679,647,048	712,669,927
Other assets* (long-term receivables, special funds, etc.)	142,650,281	143,054,651
TOTAL ASSETS (items owned at the end of the year)	2,561,492,596	2,420,939,218
Banks' loans to consolidated subsidiaries	2,615,000	5,350,000
Accounts payable* (mainly money owed for materials and services supplied by others)	190,965,370	154,868,588
Dividends payable to share owners	43,663,461	43,437,481
Taxes accrued (taxes owed to local, state, Federal and Canadian governments)	256,123,811	253,750,555
Other costs and expenses accrued* (amounts to be paid employees, interest owed, etc.)	245,909,444	242,966,558
CURRENT LIABILITIES (amounts generally due within the year ahead)	739,277,086	700,373,182
3½% debentures due May 1, 1976 (amount owed on long-term borrowings)	274,382,000	300,000,000
Other liabilities* (long-term payables, etc.)	59,552,537	76,036,883
Remainder of premium received from 1956 sales of debentures	1,107,843	1,229,078
Miscellaneous reserves (provisions for future payment of costs incurred in prior years)	27,926,085	30,713,703
Minority share owners' interest in Canadian General Electric Company, Ltd.	1,560,183	1,599,669
TOTAL LIABILITIES, reserves and minority interest (amounts owed at year end)	1,103,805,734	1,109,952,515
Excess of Assets over Liabilities, Reserves and Minority Interest—Ownership	$1,457,686,862	$1,310,986,703
This ownership (share owners' equity) is evidenced by:		
Common stock* (issued shares of stock, each with a par value of $5)	$ 441,414,495	$ 438,407,110
Amounts in excess of par value received for stock*	101,840,158	64,057,172
Earnings reinvested in the Company	914,432,209	808,522,421
TOTAL SHARE OWNERS' EQUITY	$1,457,686,862	$1,310,986,703

*Details shown on page 28

CONSOLIDATED STATEMENT OF CURRENT AND REINVESTED EARNINGS

	for the year		
	1959	**1958**	**1957**
SALES of products and services to customers	$4,349,508,529	$4,120,769,801	$4,335,664,061
Deduct operating costs:			
Inventories at January 1 (costs carried over from prior year)	610,478,191	745,459,210	768,046,752
Wages, salaries and employee benefits	1,783,729,762	1,640,159,873	1,715,286,900
Materials, supplies and all other costs not shown separately	1,997,040,936	1,802,476,595	2,029,225,288
Depreciation—cost of wear and obsolescence of plant and equipment	119,895,830	124,547,160	119,913,466
Taxes, except those on income	38,027,696	37,401,691	37,723,450
Less—Inventories at December 31 (costs carried over to next year)	*626,203,743*	*610,478,191*	*745,459,210*
—Wages, salaries and employee benefits directly reimbursed by Atomic Energy Commission	*88,400,930*	*82,873,432*	*80,818,550*
Total costs applicable to sales	3,834,567,742	3,656,692,906	3,843,918,096
EARNINGS RESULTING FROM SALES	514,940,787	464,076,895	491,745,965
Add nonoperating income:			
Net earnings of General Electric Credit Corporation	7,566,893	8,301,520	8,005,992
Dividends received from foreign nonconsolidated subsidiaries	7,942,868	6,239,079	1,250,893
Other nonoperating income—net	35,584,075	20,616,877	20,707,462
Less—Interest on debentures and other financial charges	*10,638,288*	*11,448,755*	*11,211,696*
Nonoperating income—net	40,455,548	23,708,721	18,752,651
EARNINGS BEFORE INCOME TAXES AND RENEGOTIATION	555,396,335	487,785,616	510,498,616
Deduct—Federal and Canadian income taxes, and renegotiation	272,000,000	242,200,000	260,000,000
—Other income taxes	3,048,315	2,535,800	2,526,590
—Minority interest in subsidiary's net earnings	105,897	107,283	120,155
NET EARNINGS applicable to common stock	280,242,123	242,942,533	247,851,871
Deduct—Dividends declared for year	174,332,335	173,690,326	173,166,172
Amount added to reinvested earnings for year	105,909,788	69,252,207	74,685,699
Reinvested earnings January 1	808,522,421	739,270,214	664,584,515
Reinvested earnings December 31	$ 914,432,209	$ 808,522,421	$ 739,270,214
Earnings per share	$3.19	$2.78	$2.84
Dividends declared per share	$2.00	$2.00	$2.00
Dividends paid per share	$2.00	$2.00	$2.00

Reference should be made to Notes on pages 28 and 29.

DETAILS OF ITEMS IN STATEMENTS

	december 31	
	1959	1958
RECEIVABLES:		
From nonconsolidated subsidiaries	$ 10,235,687	$ 12,537,570
Other, less reserves	566,641,629	507,085,010
	$ 576,877,316	$ 519,622,580
INVESTMENTS AND ADVANCES:		
General Electric Credit Corporation—Equity in net worth	$ 52,226,474	$ 44,659,581
—Advances	51,000,000	51,000,000
Jelco Corporation—Equity in net worth and advances	39,516	40,584
Foreign nonconsolidated subsidiaries—Investments at cost	28,292,620	25,618,355
—Advances	10,415,673	11,418,140
General Electric common stock	25,534,898	23,024,052
Miscellaneous securities	11,840,270	9,093,408
	179,349,451	164,854,120
Less: Reserve	7,500,000	7,500,000
	$ 171,849,451	$ 157,354,120
PLANT AND EQUIPMENT:		
Plant and equipment at cost	$1,566,423,731	$1,553,023,011
Less: Accumulated depreciation and amortization	886,776,683	840,353,084
Cost less accumulated depreciation and amortization	$ 679,647,048	$ 712,669,927
OTHER ASSETS:		
Noncurrent receivables, less reserve	$ 65,908,223	$ 50,652,808
Advances to vendors and distributors	21,881,729	22,636,372
Funds for employee benefit plans—per contra in Other Liabilities	17,362,203	27,894,248
Deferred charges, less reserve	19,768,154	23,658,675
Loans and advances to employees	3,865,147	3,866,973
All other	13,864,825	14,345,575
	$ 142,650,281	$ 143,054,651
ACCOUNTS PAYABLE:		
Trade payables	$ 151,022,045	$ 127,000,809
Payables representing collections from employees and others	39,318,849	27,098,198
Accounts payable to nonconsolidated subsidiaries	624,476	769,581
	$ 190,965,370	$ 154,868,588
OTHER COSTS AND EXPENSES ACCRUED:		
Payrolls accrued	$ 20,000,176	$ 27,361,123
Interest expense accrued	1,627,224	1,788,899
Other costs and expenses accrued—includes liabilities for replacements under guarantees, renegotiation, allowances to customers, employee benefits costs, etc.	224,282,044	213,816,536
	$ 245,909,444	$ 242,966,558
OTHER LIABILITIES:		
Noncurrent accounts payable and other accruals	$ 42,190,334	$ 48,142,635
Liability for employee benefit plans—per contra in Other Assets	17,362,203	27,894,248
	$ 59,552,537	$ 76,036,883
COMMON STOCK ($5 par value):		
Balance January 1	$ 438,407,110	$ 436,983,980
Shares issued under General Electric Stock Option Plans (see page 25)	2,077,295	1,423,130
Shares issued for employee purchases under General Electric Savings and Security Program (see page 25)	930,090	—
Balance December 31	$ 441,414,495	$ 438,407,110
Issued shares December 31 (105,000,000 authorized)	88,282,899	87,681,422
AMOUNTS IN EXCESS OF PAR VALUE received for stock:		
Balance January 1	$ 64,057,172	$ 55,018,406
Premium received on shares issued	26,492,157	6,837,989
Net increase from dispositions of treasury stock	11,290,829	2,200,777
Balance December 31	$ 101,840,158	$ 64,057,172

NOTES TO FINANCIAL STATEMENTS

Basis of consolidation—These financial statements and accompanying schedules represent a consolidation of the accounts of the Parent Company—General Electric—and those of all wholly owned or substantially wholly owned subsidiary companies dealing primarily in United States or Canadian currencies, except General Electric Credit Corporation and its subsidiary and Jelco Corporation, which are sales finance subsidiaries.

All significant intercompany items have been eliminated from the consolidated statements. Certain prior years' accounts have been restated to conform with 1959 treatment.

The accounts of Canadian subsidiaries were converted to U.S. dollars at par. Net assets in Canada on December 31 were $103,285,999.

Marketable securities were carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Inventories were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits, and less reserves which made provision for possible losses on inactive and excess stocks. Carrying value was not in excess of market. Cost of substantially all inventories in the United States was determined on a last-in, first-out (LIFO) basis. Inventories of Canadian components, with a net value of $48.2 million, were valued on a first-in, first-out (FIFO) basis.

Investments and advances—Carrying value of investment in General Electric Credit Corporation, its subsidiary, and Jelco Corporation represented the sum of outstanding advances to, and equity in the net worth of, these corporations. All earnings of these subsidiaries are included in the consolidated statement of current earnings. Statements for General Electric Credit Corporation at right form a part of these notes.

Carrying value for foreign nonconsolidated subsidiaries represented the sum of outstanding advances to, and cost of the investments in, these subsidiaries. Combined statements of these subsidiaries at September 30, 1959 and 1958 are shown on page 18. Only dividends received from foreign nonconsolidated subsidiaries are included in the statement of current earnings.

Investment in General Electric common stock at the close of 1959 represented the cost of 360,572 shares being held for corporate purposes and having a quoted market value of $35,741,700.

Miscellaneous securities were valued at cost. On December 31, 1959 their fair value was approximately $80 million.

General Electric Company 3-1/2% debentures mature May 1, 1976, with interest payable on May 1 and November 1. The indenture provides for sinking fund payments of $13 million annually from 1961 through 1975. The Company, at its option, may make additional annual payments of up to $13 million, and also has the option of redeeming all or part of the bonds at any time upon payment of redemption premiums ranging downward from 4.5%. The underlying indenture also provides certain limitations on pledge, mortgage, or disposition through sale and lease-back of manufacturing properties. Reacquired debentures with face value of $25,618,000 held in treasury have been deducted from the original debenture issue of $300 million.

Costs applicable to sales exclude all expenses directly reimbursed by the Atomic Energy Commission applicable to atomic projects operated for the U.S. Government at Richland, Washington, and Schenectady, New York.

GENERAL ELECTRIC CREDIT CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

	december 31	
FINANCIAL POSITION	**1959**	**1958**
Cash	$ 21,758,055	$ 22,434,639
Receivables, less reserve*	420,033,172	350,047,506
Prepaid interest and discount	1,851,504	873,194
Other assets	867,906	814,707
Total assets	444,510,637	374,170,046
Notes payable to:		
General Electric Company	30,000,000	30,000,000
General Electric Company—subordinated	21,000,000	21,000,000
Others	256,971,564	205,341,342
Accounts and drafts payable	17,691,358	12,870,591
Deferred payments to dealers	20,531,611	19,383,812
Accrued Federal taxes on income	5,201,898	6,252,207
Other accrued liabilities	2,301,565	2,214,229
Deferred income	38,586,167	32,448,284
Total liabilities	392,284,163	329,510,465
Assets less liabilities—equity of General Electric Company	$ 52,226,474	$ 44,659,581
Equity represented by:		
Common stock (par value $100 a share)	$ 10,000,000	$ 10,000,000
Investment in excess of par value of common stock	1,100,000	1,100,000
Reinvested earnings	41,126,474	33,559,581
Total equity of General Electric Company	$ 52,226,474	$ 44,659,581
*Reserve for receivable losses	$ 5,950,000	$ 5,450,000

CURRENT AND REINVESTED EARNINGS	**1959**	**1958**	**1957**
Volume of time sales and inventory financing	$649,985,671	$533,692,141	$648,522,687
Gross earned income	$ 48,707,142	$ 47,584,329	$ 50,776,207
Expenses—Operating and administrative	22,760,078	22,553,146	22,589,182
—Interest and discount	10,400,171	8,319,663	11,381,033
—Federal income taxes	7,980,000	8,410,000	8,800,000
Net earnings for the year	7,566,893	8,301,520	8,005,992
January 1 reinvested earnings	33,559,581	25,258,061	17,252,069
December 31 reinvested earnings	$ 41,126,474	$ 33,559,581	$ 25,258,061

INDEPENDENT AUDITORS' REPORT to the share owners and board of directors of General Electric Company

We have examined the consolidated statement of financial position of General Electric Company and subsidiaries as of December 31, 1959 and the related statement of current and reinvested earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and subsidiaries at December 31, 1959 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Seventy Pine Street, New York 5, N. Y., February 17, 1960

Peat, Marwick, Mitchell & Co.

10 YEAR SUMMARY

DOLLAR AMOUNTS IN MILLIONS	1959	1958	1957	1956	1955	1954	1953
Net sales billed	$4,349.5	$4,120.8	$4,335.7	$4,090.0	$3,463.7	$3,334.7	$3,510.6
General Electric product price index (1947-49=100)	135	134	132	124	115	119	118
Net earnings	$ 280.2	$ 242.9	$ 247.9	$ 213.8	$ 208.9	$ 204.4	$ 173.8
Earnings per share of common stock (in dollars) (a)	3.19	2.78	2.84	2.46	2.41	2.36	2.01
Earnings as a percentage of sales	6.4%	5.9%	5.7%	5.2%	6.0%	6.1%	5.0%
Earned on capital invested (b)	16.7%	15.7%	16.9%	15.3%	17.8%	19.2%	17.6%
Cash dividends declared—common stock	$ 174.3	$ 173.7	$ 173.2	$ 172.4	$ 145.9	$ 131.4	$ 121.6
Dividends declared per share (in dollars) (a)	2.00	2.00	2.00	2.00	1.70	1.53	1.42
Number of shares issued—December 31 (a)	88,282,899	87,681,422	87,396,796	87,143,662	86,875,994	86,660,618	86,537,782
Average number of share owners of record	404,431	395,493	377,555	362,122	338,563	277,047	247,944
Market price range—General Electric stock (a) (c)	99⅞–74	79⅜–57	72⅜–52⅜	65½–52¾	57¾–46¼	48½–29	30¾–22⅛
Current assets	$1,567.3	$1,407.9	$1,353.0	$1,268.7	$1,056.1	$1,056.5	$1,182.4
Current liabilities	739.3	700.4	733.4	676.4	708.9	686.7	755.2
Total assets	2,561.5	2,420.9	2,361.3	2,221.1	1,903.1	1,815.3	1,823.7
Long-term debt and notes payable—December 31	278.0	306.3	303.1	308.5	92.0	51.9	58.2
Share owners' investment	1,457.7	1,311.0	1,231.2	1,143.4	1,089.8	1,020.0	942.3
Total capital invested (d)	1,735.7	1,617.3	1,534.3	1,451.9	1,181.8	1,071.9	1,000.5
Depreciation and amortization	119.9	124.5	119.9	108.7	97.4	86.4	73.6
Plant expenditures	91.3	104.1	153.6	205.2	161.4	170.6	158.7
Total employee compensation (including benefits) (e)	1,783.7	1,640.2	1,715.3	1,643.8	1,372.4	1,250.9	1,311.7
Average number of employees	246,840	249,718	282,029	280,497	250,306	243,622	257,091
Average compensation per employee (in dollars) (e)	$7,226	$6,568	$6,083	$5,860	$5,483	$5,135	$5,102
Total taxes and renegotiation (f)	313.1	282.1	300.3	247.5	206.5	230.4	354.0

(a) Adjusted for 3 for 1 conversion in 1954.

(b) Net earnings for the year—before interest on money borrowed—in relation to total capital invested at the close of each year.

(c) Represents high and low market price on New York Stock Exchange for years shown.

(d) Represents total share owners' investment (ownership) plus long-term debt and notes payable as of December 31 each year.

(e) Includes Company cost of pensions, insurance, social security taxes, employee savings programs and all other employee benefits.

GENERAL ELECTRIC

1952	1951	1950
$2,993.4	$2,619.6	$2,233.8
114	114	103
$ 164.9	$ 143.7	$ 179.7
1.91	1.66	2.08
5.5%	5.5%	8.0%
18.0%	17.5%	25.7%
$ 85.9	$ 85.9	$ 97.1
1.00	1.00	1.13
86,537,782	86,537,782	86,537,782
252,837	252,993	249,530
24¼–18⅛	21¼–16½	16⅞–13¾
$1,121.3	$1,081.7	$ 893.9
665.3	677.7	505.2
1,680.7	1,608.3	1,349.3
37.5	23.6	—
888.8	807.1	715.1
926.3	830.7	715.1
65.6	62.0	56.0
132.2	109.4	63.4
1,118.5	1,050.0	814.6
239,478	232,981	205,935
$4,671	$4,507	$3,956
312.4	318.8	240.7

(f) Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are a part of employment costs.

ADVANCED MANAGEMENT CLASS is shown in session at the Company's Management Research and Development Institute at Crotonville, N. Y.

DEPTH IN MANAGEMENT at General Electric is provided by the decentralized organizational structure. The decentralization program, which has undergone steady evolution since 1950, has resulted in the establishment of 21 major operating Divisions and 105 business Departments, each with management assigned responsibility and accountability for the successful conduct of its business on a profitable and successful basis within the framework of over-all objectives, policies, plans and programs.

At the corporate level the Company has Services components which are staffed with experienced personnel in accounting, engineering, legal, management consultation, manufacturing, marketing, relations, research and treasury work. These Services are responsible for developing through research the most advanced knowledge, principles and techniques in their functional fields, and for making this knowledge available to the Operating components through advice and teaching.

The Executive Office, which includes the Chairman of the Board and Chief Executive Officer, the President, the Group Executives and the Services Officers, provides long-range planning and guidance for the Company as a whole.

In addition to giving General Electric greater flexibility and competitive strength, this decentralized organization has enabled a larger number of employees to receive training in professional managing through actual experience. The Company also provides formal study in the professional work of managing as well as in the other functional fields. During 1959 a total of 3,356 employees participated in management classes. 3,075 were participants in Professional Business Management classes at plant locations, while 281 participated in the intensive Advanced Management Course at the Company's Management Research and Development Institute, Crotonville, N. Y.

GENERAL ELECTRIC

THE COMPANY'S DECENTRALIZED ORGANIZATION

Officers and Division General Managers listed on these pages have an average age of 53.1 years and average service of 27 years.

EXECUTIVE OFFICE

Chairman of the Board

Ralph J. Cordiner
Age: 59. Years of service: 33.

President

Robert Paxton
Age: 58. Years of service: 36.

Group Executives

Fred J. Borch
Vice President and
Group Executive—
Consumer Products Group
Age: 49. Years of service: 28.

James H. Goss
Vice President and
Group Executive—
International Group
Age: 52. Years of service: 28.

Cramer W. LaPierre
Vice President and
Group Executive—
Electronic, Atomic &
Defense Systems Group
Age: 55. Years of service: 34.

Clarence H. Linder
Vice President and
Group Executive—
Electric Utility Group
Age: 57. Years of service: 35.

Arthur F. Vinson
Vice President and
Group Executive—
Industrial Group
Age: 52. Years of service: 30.

Services

Lemuel R. Boulware
Vice President and
Consultant—Relations Services
Age: 64. Years of service: 15.

John D. Lockton
Treasurer
Age: 56. Years of service: 33.

Ray H. Luebbe
Vice President and General
Counsel—Secretary
Age: 59. Years of service: 31.

Francis K. McCune
Vice President—
Engineering Services
Age: 53. Years of service: 31.

Halbert B. Miller
Vice President—
Manufacturing Services
Age: 46. Years of service: 24.

Jack S. Parker
Vice President—
Relations Services
Age: 41. Years of service: 10.

Gerald L. Phillippe
Comptroller
Age: 50. Years of service: 26.

Charles K. Rieger
Vice President—
Marketing Services
Age: 44. Years of service: 23.

Harold F. Smiddy
Vice President—
Management Consultation Services
Age: 59. Years of service: 11.

C. Guy Suits
Vice President and Director
of Research
Age: 54. Years of service: 30.

OPERATIONS

Consumer Products Group

Hershner Cross
General Manager—
Radio and Television
Division
Age: 44. Years of service: 13.

Reginald H. Jones
General Manager—
General Electric Supply
Company Division
Age: 42. Years of service: 20.

George F. Mosher*
President and General
Manager—General Electric
Credit Corporation
Age: 63. Years of service: 41.

Willard H. Sahloff
Vice President and
General Manager—
Housewares Division
Age: 51. Years of service: 10.

William P. Von Behren
General Manager—
Major Appliance Division
Age: 57. Years of service: 8.

Herman L. Weiss
General Manager—
Lamp Division
Age: 43. Years of service: 20.

William C. Wichman
Vice President and
General Manager—
Hotpoint Division
Age: 53. Years of service: 31.

OPERATIONS *(Continued)*

Electric Utility Group

Lyman R. Fink
General Manager—
Atomic Products Division
Age: 47. Years of service: 22.

Robert L. Gibson
Vice President and
General Manager—
Transformer Division
Age: 56. Years of service: 33.

William S. Ginn
Vice President and
General Manager—
Turbine Division
Age: 44. Years of service: 23.

Hubert W. Gouldthorpe
General Manager—
Switchgear and Control
Division
Age: 52. Years of service: 32.

Harold E. Strang
Vice President and Consulting
Engineer—Switchgear and
Control Division
Age: 58. Years of service: 37.

Glenn B. Warren
Vice President and
Consulting Engineer—
Turbine Division
Age: 61. Years of service: 40.

James F. Young
Manager—Electric Utility
Systems Engineering and
Planning Operation
Age: 43. Years of service: 22.

Electronic, Atomic and Defense Systems Group

L. Berkley Davis
General Manager—Electronic
Components Division
Age: 48. Years of service: 15.

George L. Haller
Vice President and
General Manager—
Defense Electronics Division
Age: 52. Years of service: 5.

John B. Montgomery
General Manager—
Flight Propulsion Division
Age: 48. Years of service: 3.

Harold A. Strickland Jr.
Vice President and
General Manager—
Industrial Electronics Division
Age: 45. Years of service: 10.

Industrial Group

John W. Belanger
Vice President and
General Manager—
Apparatus Sales Division
Age: 58. Years of service: 42.

Oscar L. Dunn
General Manager—
Motor and Generator Division
Age: 45. Years of service: 23.

Harold A. MacKinnon
Vice President and
General Manager—
Component Products Division
Age: 57. Years of service: 37.

Charles E. Reed
General Manager—Chemical
and Metallurgical Division
Age: 46. Years of service: 17.

International Group

W. Rogers Herod
Vice President.
President and General Manager—
International General Electric
Company Division
Age: 62. Years of service: 40.

J. Herbert Smith*
President and Chief Executive
Officer—Canadian General
Electric Company, Limited
Age: 50. Years of service: 27.

REGIONAL VICE PRESIDENTS

Edwin H. Howell
Southwestern Region
Age: 59. Years of service: 37.

George L. Irvine
Central
Age: 52. Years of service: 29.

Samuel Littlejohn
East Central
Age: 63. Years of service: 40.

William A. Mann
Mid-States
Age: 58. Years of service: 36.

George F. Metcalf
Washington Defense Activities
Age: 53. Years of service: 31.

Harold A. Olson
Northeastern
Age: 61. Years of service: 40.

Carter L. Redd
Southeastern
Age: 58. Years of service: 37.

Clarence C. Walker
Western
Age: 59. Years of service: 38.

Nathan L. Whitecotton
Atlantic
Age: 57. Years of service: 35.

*Officers of subsidiaries of General Electric.

NOTE: Information on the Company's organization on these pages is as of February 18, 1960, and ages and years of service are those attained as of that date.

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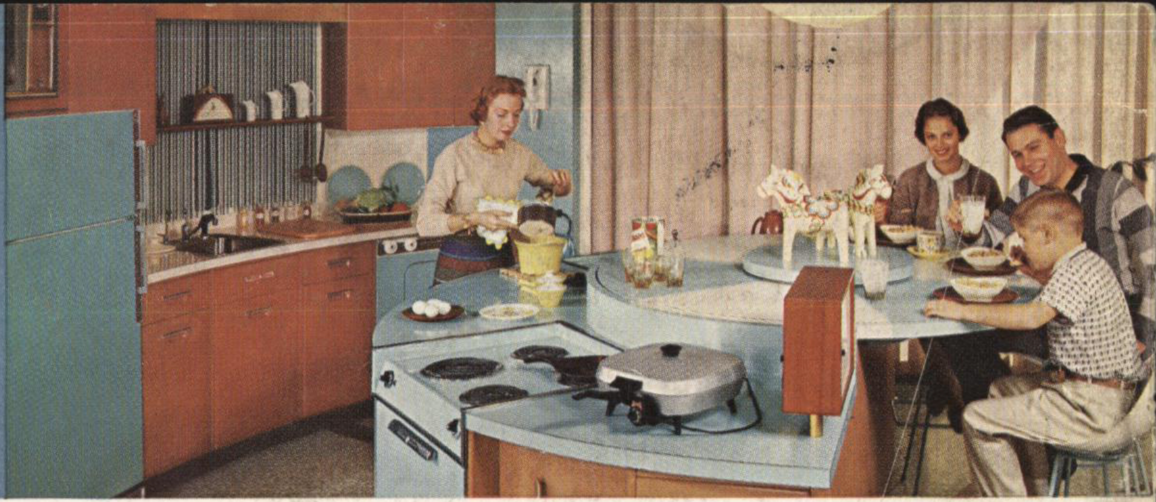
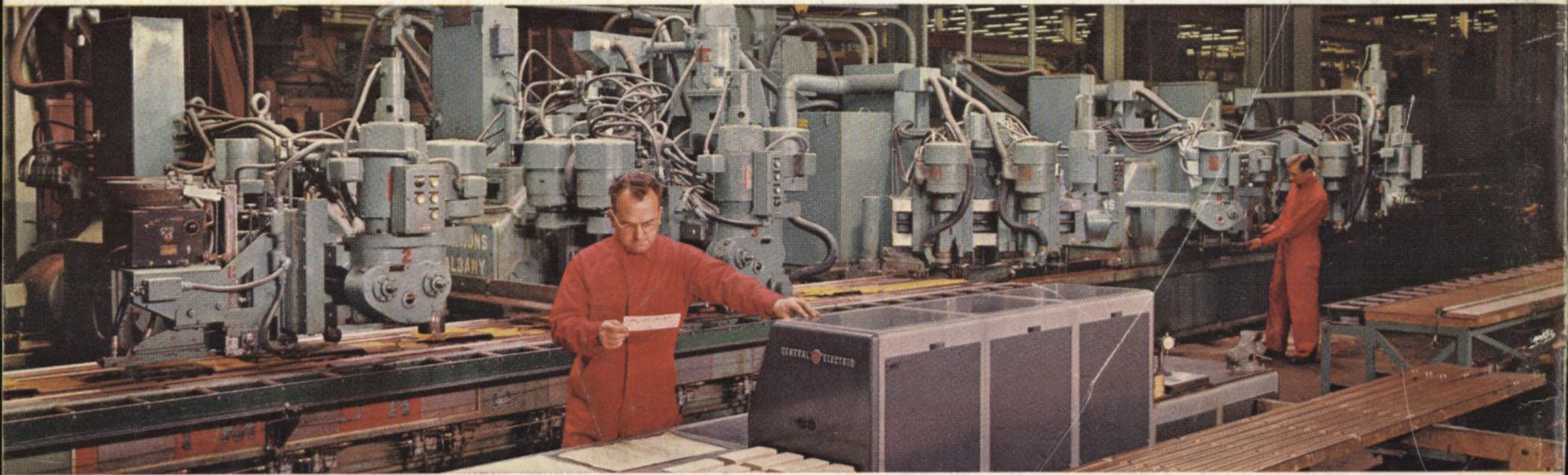
Highlights of 1959

indicate ways in which General Electric is prepared to expand service to customers in the 1960's.



Experimental circular kitchen with powered lazy susan dramatizes progress in products for electrical living.



General Electric's development of advanced electronic controls for industry is exemplified by equipment to produce turbine-generator parts.

New jetliner powered by General Electric engines. Below: generating unit for Japan illustrates expanding service to customers abroad.